

Weekly Market Recap

May 5, 2025

Index	Price	Price Returns	
	Close	Week	YTD
S&P 500® Index	5,687	2.9%	-3.3%
Dow Jones Industrial Average	41,317	3.0%	-2.9%
NASDAQ	17,978	3.4%	-6.9%
Russell 2000® Index	2,021	3.2%	-9.4%
MSCI EAFE Index	2,481	0.9%	9.7%
Ten-Year Treasury Yield	4.31%	0.0%	0.4%
Oil WTI ¹ (\$/bbl ²)	\$58.55	-7.1%	-18.4%
Bonds ³	\$97.95	-0.7%	2.9%

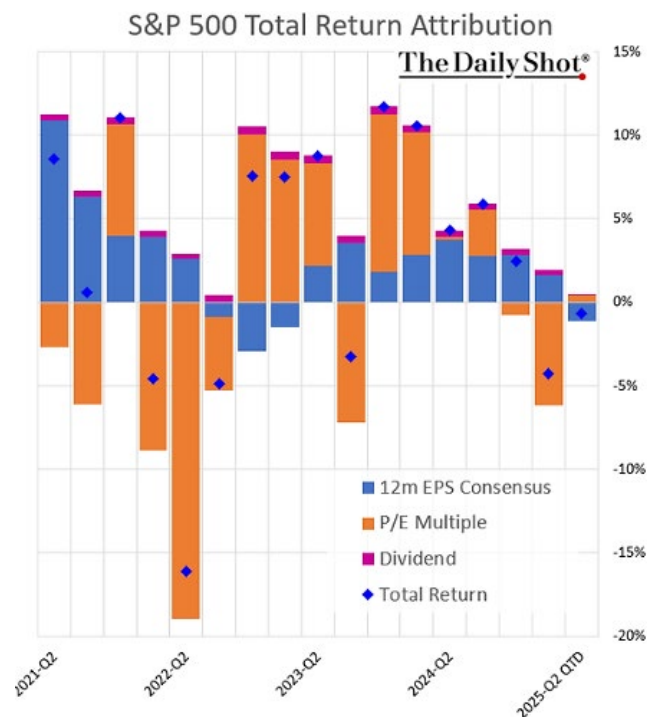
¹WTI = West Texas Intermediate Oil. ²bbl = Barrel. ³Bonds are represented by the iShares U.S. Aggregate Bond ETF. Sources: Bloomberg L.P.; FactSet.

Last Week:

U.S. Equity Market

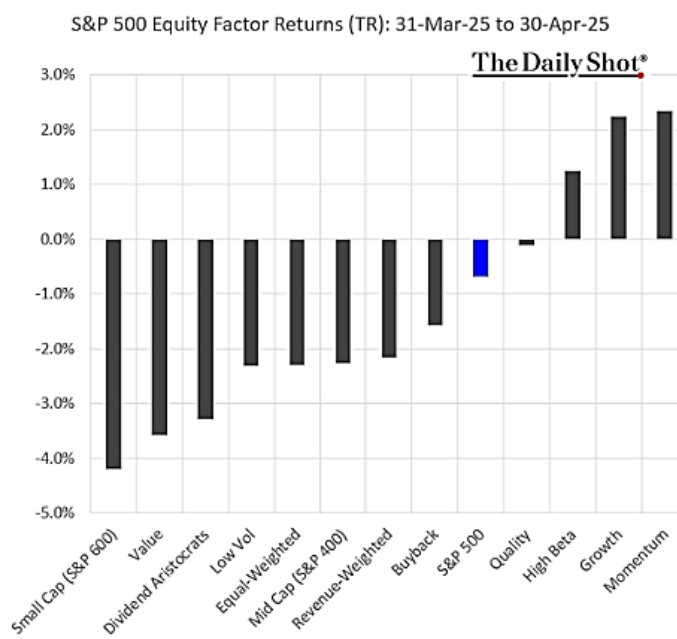
- U.S. large-cap equities (S&P 500 Index) rose +2.9% as further signs of deescalating trade/tariff tensions improved sentiment for equities. On Tuesday, President Trump signed an executive order confirming temporary relief for U.S. automakers. Treasury Secretary Scott Bessent and Commerce Secretary Howard Lutnick both discussed trade negotiations with positive outlooks. China said it was “evaluating” recent U.S. overtures, and media reports on Friday suggested Beijing may be considering opening talks on fentanyl as a way to jump start border negotiations. April non-farm payrolls were stronger than expected, though the previous two months were revised down. The 10-year Treasury yield rose modestly to 4.31% from 4.26%. Gold fell -1.7% and oil (WTI) fell -7.1%.
- S&P 500 Index Sector Returns:
 - Industrials (+4.3%) rose, led by airlines, aerospace and defense stocks, and transports.
 - Communication services (+4.2%) rose, led by streaming, social media, and internet search stocks.
 - Technology (+4.0%) rose, led by software.
 - Financials (+3.6%) rose, led by banks and asset managers.
 - Real Estate (+3.4%) rose, with strength from cell towers and public storage.
 - Materials (+2.8%) rose, led by chemical companies.
 - Utilities (+1.9%), consumer staples (+1.1%), and healthcare (+0.3%) underperformed, as investors appeared to favor more-defensive sectors.
 - Consumer discretionary (+1.6%) rose, led by travel stocks.
 - Energy (-0.7%) underperformed, as the price of oil declined -7.1%.

- The S&P 500 experienced contraction of the price-to-earnings (P/E) multiple in 1Q25, while 2Q25 provided a reduction in the forward 12-month earnings per share (EPS) expectations.



QTD: quarter-to-date. Sources: Bloomberg L.P.; The Daily Shot.

- In April, value, dividend aristocrats, and low volatility factors underperformed, while momentum, growth, and high beta factors outperformed.

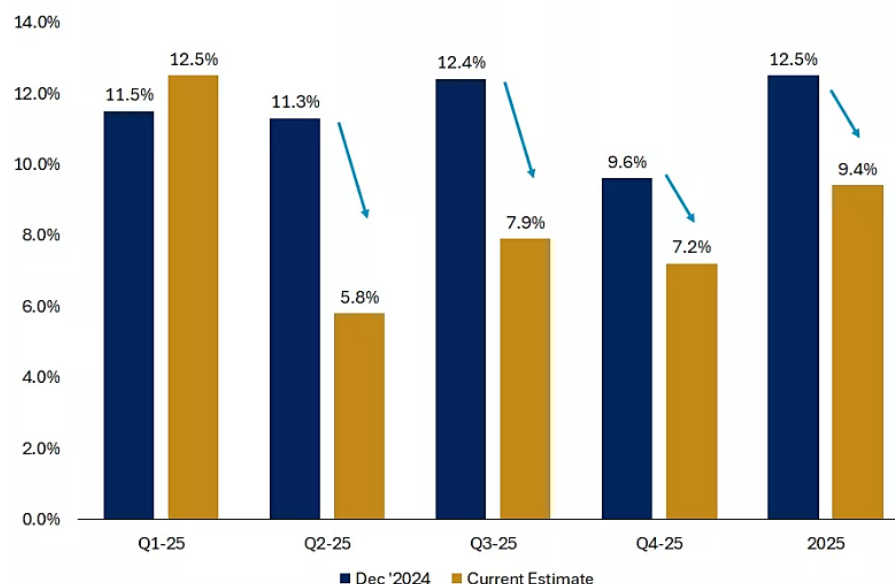


Sources: Bloomberg L.P.; The Daily Shot.

Past performance is not indicative of future results. Any type of investing involves risk and there are no guarantees that these methods will be successful. Please reference important disclosures on pages 6-7.

- Earnings growth expectations for the remainder of 2025 for the S&P 500 have declined, likely due to the uncertainty associated with U.S. trade policies. However, the S&P 500 is generally expected to deliver positive earnings growth this year.

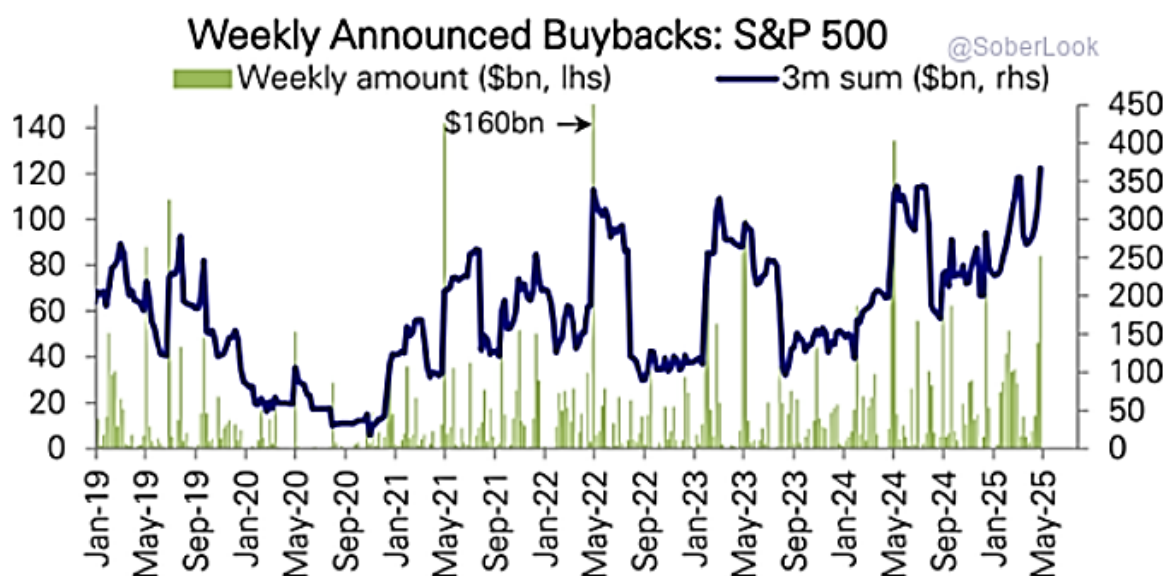
S&P 500 earnings growth estimates have come down since the end of 2024 (YoY%)



Sources: FactSet; Edward Jones.

- Stock buyback authorizations have been increasing throughout 2025.

Figure 4: Buyback announcements through the Q1 reporting season so far have been very strong

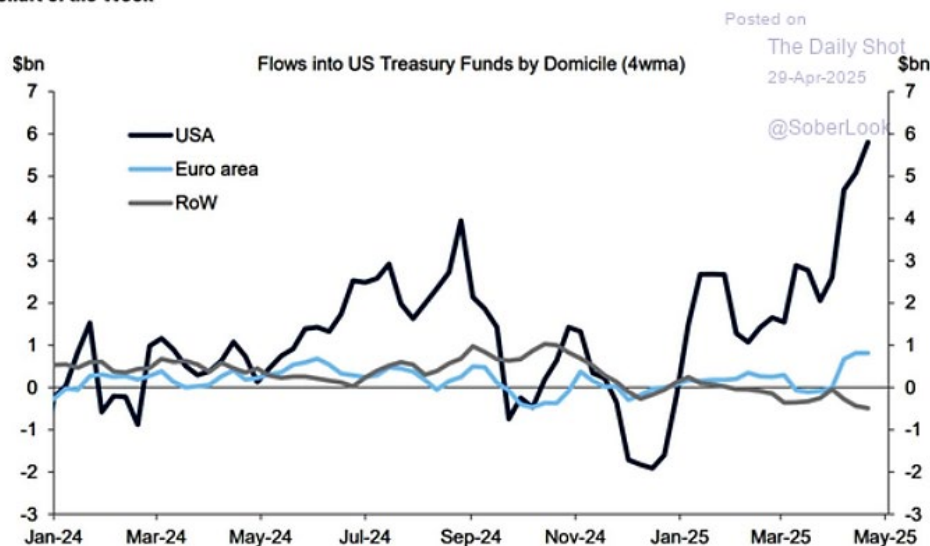


LHS/RHS: left-hand side, right-hand side. Sources: Deutsche Bank; The Daily Shot.

Fixed Income Markets

- Flows into U.S. Treasury funds from the rest of the world (RoW) have been decreasing in March and April, while U.S. Treasury fund flows from investors have increased in 2025.

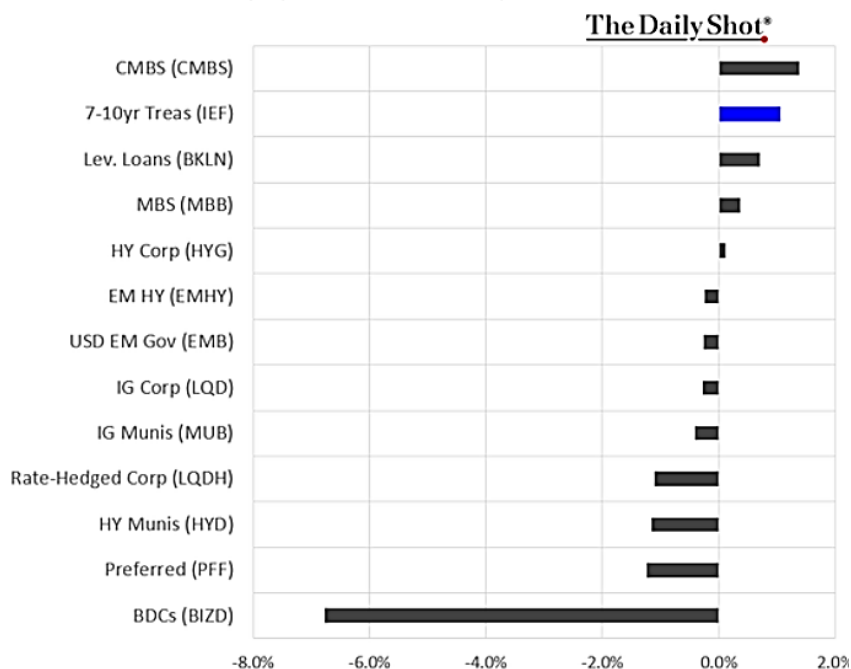
Chart of the Week



4wma: 4 weeks moving average. Sources: EPFR; Haver Analytics; Goldman Sachs; The Daily Shot.

- Commercial mortgage-backed securities (CMBS), 7-10 year Treasuries, and leveraged loans have outperformed other credit asset classes in April 2025.

Credit Asset Returns (TR): 31-Mar-25 to 30-Apr-25



BDC: business development companies. EM: emerging markets. HY: high yield. IG: investment grade.
Sources: Bloomberg L.P.; The Daily Shot.

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U.S. Economic and Political News

- The Institute for Supply Management (ISM) Manufacturing Index was firmer than analysts expected. March's core personal consumption expenditures (PCE) was cooler than expected and March pending-home sales were at their strongest levels since 2023.

International Markets and News

- European markets (STOXX 600 Index) rose +3.4% as economic growth in the Eurozone accelerated to 0.4% from 0.2% in the previous three months.
- The Chinese stock market (Shanghai Composite) rose +0.5% as China said it was considering the possibility of holding trade talks, indicating a potential thaw in the U.S. trade war.
- Japanese equities (Nikkei 225 Index) rose +3.2% as the Bank of Japan held interest rates steady at 0.50% and downgraded its growth and inflation forecasts.

This Week:

- The volume of corporate earnings reports will be lighter this week.
- Economic data:
 - Monday: Purchasing Managers' Index (PMI) Services Final, ISM Non-Manufacturing Index;
 - Tuesday: Trade Balance, Redbook Chain Store, American Petroleum Institute (API) Crude Inventories;
 - Wednesday: Federal Open Market Committee (FOMC) Meeting/fed funds rate, Mortgage Bankers Association (MBA) Purchase Applications, Consumer Credit, Department of Energy (DOE) Crude Inventories;
 - Thursday: Unit Labor Costs (preliminary), Productivity (preliminary), Wholesale Inventories, Weekly Jobless Claims, Energy Information Administration (EIA) Natural Gas Inventories;
 - Friday: N.Y. Federal Reserve speaking engagements.

As always, thank you very much for your interest in our thoughts and support of our services.

Whitney Stewart, CFA®
Executive Director

Griffith Jones, Jr.
Executive Director

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Performance is compared to an index, however, the volatility of an index varies greatly. Indices are unmanaged and investments cannot be made directly in an index.

The S&P 500® Index is a readily available, carefully constructed, market-value-weighted benchmark of common stock performance. Currently, the S&P 500 Composite includes 500 of the largest stocks (in terms of stock market value) in the United States and covers approximately 80% of available market capitalization.

The S&P MidCap 400® Index provides investors with a benchmark for mid-sized companies. The index, which is distinct from the large-cap S&P 500®, is designed to measure the performance of 400 mid-sized companies, reflecting the distinctive risk and return characteristics of this market segment.

The S&P SmallCap 600® seeks to measure the small-cap segment of the U.S. equity market. The index is designed to track companies that meet specific inclusion criteria to ensure that they are liquid and financially viable.

The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000® is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

The Dow Jones Industrial Average (DJIA) is an index that tracks 30 large, publicly-owned blue chip companies trading on the New York Stock Exchange (NYSE) and the NASDAQ.

The NASDAQ Composite Index is the market capitalization-weighted index of over 2,500 common equities listed on the NASDAQ stock exchange. The types of securities in the index include American depositary receipts, common stocks, real estate investment trusts (REITs) and tracking stocks, as well as limited partnership interests. The index includes all Nasdaq-listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds (ETFs) or debenture securities.

The MSCI EAFE Index is an equity index which captures large and mid-cap representation across 21 Developed Markets countries around the world, excluding the U.S. and Canada. With 900 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The STOXX Europe 600 Index is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

The Nikkei 225 is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.

The Shanghai Stock Exchange Composite Index is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

Technical Terms: A **business development company (BDC)** is an organization that invests in small- and medium-sized companies as well as distressed companies. A BDC helps these firms grow in the initial stages of their development. **Commercial Mortgage-Backed Securities (CMBS)** are fixed-income securities backed by a pool of mortgages on commercial properties, rather than residential real estate. Essentially, they are a form of structured finance where commercial property loans are bundled together, securitized, and then sold to investors as bonds. **The Consumer Confidence Index (CCI)** is a survey administered by the Conference Board. The CCI measures what consumers are feeling about their expected financial situation, whether that's optimistic or pessimistic. The survey is based on the premise that if consumers are optimistic, they will spend more and stimulate the economy, but if they are pessimistic then their spending patterns could lead to an economic slowdown or recession. **The Core PCE price index** is a measure of inflation that excludes food and energy prices from the overall Personal Consumption Expenditures (PCE) price index. **Earnings Per Share (EPS)** is a financial ratio that indicates a company's profitability by measuring how much net income a company earns for each share of common stock outstanding. It's a key indicator for investors and analysts as it provides insight into a company's financial health and performance. **The eurozone**, officially known as the euro area, is a geographic and economic region that consists of all the European Union countries that have fully incorporated the euro as their national currency. The **federal funds rate** is the interest rate at which depository institutions, primarily banks, lend reserve balances to other depository institutions overnight, on an uncollateralized basis. **The ISM Manufacturing Index**, also known as the Purchasing Managers' Index (PMI), is a monthly indicator of U.S. economic activity based on a survey of purchasing managers at manufacturing firms nationwide. **The ISM Non-Manufacturing Index** is an index that measures the economic condition and performance of service-based companies. It is now called the Services Purchasing Managers' Index (PMI). The index is based on surveys sent to purchasing and supply companies of more than 400 services firms. **A leveraged loan** is a type of loan typically extended to companies or individuals with a substantial amount of existing debt or a low credit rating. Lenders perceive these loans as carrying a higher risk of default, leading to higher interest rates for the borrower. They are often used for acquisitions, buyouts, or refinancing debt. **Mortgage-backed securities (MBS)** are investments like bonds. Each MBS consists of a bundle of home loans and other real estate debt bought from the banks that issued them. **Nonfarm payrolls** refer to the number of employed individuals in the U.S. who work in private businesses and government, excluding farmers, private household employees, and those in non-profit organizations. It's a key economic indicator that provides insights into the health of the job market and the overall economy. **The price-to-earnings (P/E) ratio** measures a company's share price relative to its earnings per share (EPS). Often called the price or earnings multiple, the P/E ratio helps assess the relative value of a company's stock. It's handy for comparing a company's valuation against its historical performance, against other firms within its industry, or the overall market. **A rate-hedged corporate bond strategy** aims to protect against interest rate risk by using hedging techniques to mitigate the impact of rising interest rates on the performance of corporate bonds. This is often achieved by using derivative instruments like swaps or futures to offset the negative impact of rising rates on bond prices. **The Services PMI (Purchasing Managers' Index)** is an economic indicator that gauges the health and performance of the services sector. It's based on surveys of purchasing managers in the services industry, providing insights into key business conditions like new orders, employment, and supplier delivery times. A reading above 50 suggests expansion, while a reading below 50 indicates contraction. **The S&P 500 Dividend Aristocrats** is a stock market index composed of the companies in the S&P 500 index that have increased their dividends in each of the past 25 consecutive years. **Treasury fund flows** refer to the movement of cash both into and out of a company's treasury, essentially tracking the company's financial health and liquidity. This includes all cash inflows and outflows, impacting the company's available liquidity. (Technical definitions are sourced from Corporate Finance Institute.)

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