

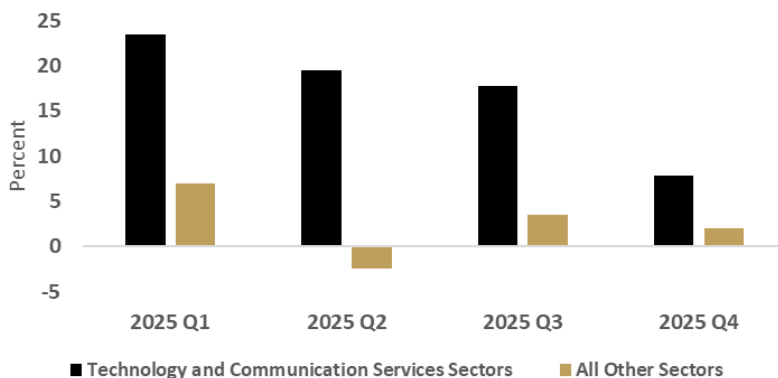
Technology Marches On, But Valuations Remain Rich

Following Nvidia's earnings release last week, the market now has a fuller picture of key components from the Q1 2025 earnings season. One familiar theme stands out: large technology and media companies once again carried much of the S&P 500's weight with strong bottom-line growth. Management commentary around continued investments in data center expansion and robust AI chip sales helped ease growing concerns about the sustainability of the AI-driven narrative.

Looking ahead into the second quarter, the market continues to rely heavily on the Technology and Communication Services sectors for earnings growth, while maintaining a more cautious stance toward the rest of the U.S. equity landscape, clouded by tariff concerns. According to Bloomberg, excluding Technology & Communication Services, the S&P 500 is projected to post a 2.8% decline in earnings, compared to 3.8% growth for the index overall.

Longer term, we must remain mindful that markets tend to price in forward growth early. New risk factors in popular themes can lead to swift valuation resets. Balancing growth and valuation through a well-diversified portfolio remains key.

S&P 500 Earnings Growth Estimates
Year-Over-Year



Bloomberg, headline earnings estimates as of June 4, 2025.

Economy

Last Week

- **Conf. Board Consumer Confidence (May):**

98.0 vs. 86.0 one month prior.

- **Pending Home Sales (Apr.):**

-6.3% vs. 6.1% one month prior.

- **Personal Income & Spending (Apr.):**

Income +0.8% MoM, Spending +0.2% MoM

- **PCE Price Index (Apr.):**

0.1% HL, 0.1% Core (MoM); 2.1% HL, 2.5% Core (YoY)

This Week

- **ISM Manufacturing (May):** 6/2

- **JOLTS (Apr.):** 6/3

- **ISM Services (May):** 6/4

- **Payrolls & Unemployment (May):** 6/6

Equities

Returns (%)

Index	Level	1 Week	QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
S&P 500	5936	2.33	6.02	1.48	13.98	14.94	15.63
Russell 1000 Growth	4046	2.93	11.45	0.33	18.33	20.44	17.75
Russell 1000 Value	1855	1.45	0.48	2.62	9.02	8.55	12.16
FTSE High Dividend Yield*	463	1.85	0.39	2.15	11.26	8.69	12.96
S&P Small and Mid Cap	16424	0.73	2.05	-5.10	0.62	6.09	11.45
MSCI EAFE	2613	0.34	10.15	17.92	14.57	12.45	10.91
MSCI EM	1154	-1.34	5.38	8.53	13.24	6.02	6.16

Characteristics

Index	NTM P/E	NTM P/E (20Y med)	Div Yield	S&P Sector Returns YTD
S&P 500	20.2	15.3	1.4	15
Russell 1000 Growth	25.8	17.8	0.6	10
Russell 1000 Value	15.8	13.5	2.3	5
FTSE High Dividend Yield*	12.5	13.0	4.1	0
S&P Small and Mid Cap	13.8	15.5	2.0	-5
MSCI EAFE	14.4	13.4	3.1	-10
MSCI EM	11.5	11.1	2.9	

YTD (%)

Utilities Staples Industrials Financials Comm. Serv. Materials Real Estate IT Energy Health Care Cons. Discr.

* Bloomberg U.S. Large Cap Dividend Yield Total Return Index used as substitute for index characteristics.

Fixed Income

Returns (%)

Index	Yield	1 Week	QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
U.S. Aggregate	4.75	0.61	-0.59	2.18	5.18	1.54	-0.87
U.S. Int. Gov/Credit	4.33	0.37	0.45	2.88	6.29	2.91	0.53
U.S. Corporates	5.26	0.85	-0.30	2.00	5.34	2.78	0.11
High Yield	7.50	0.75	1.67	2.69	9.33	6.90	5.38
Municipals (1-10)	3.45	0.35	0.23	0.93	3.80	2.14	0.86

Levels (%)

Key Rates	Last	1 Wk Ago	Last Qtr	Prev YE	1 Yr Ago	3 Yrs Ago	5 Yrs Ago
2-yr Treasury	3.94	3.99	3.89	4.24	4.72	2.66	0.20
10-yr Treasury	4.44	4.48	4.21	4.57	4.28	2.94	0.83
30-yr Treasury	4.97	4.98	4.57	4.78	4.43	3.09	1.63
SOFR	4.35	4.33	4.41	4.49	5.33	0.78	0.07
6-mo. CD rate	4.36	4.26	4.25	4.33	5.36	2.24	0.43
Prime Rate	7.50	7.50	7.50	7.50	8.50	4.00	3.25
30-yr fixed mortgage	6.94	7.00	6.77	7.28	7.23	5.45	3.49