QUARTERLY REPORT 2Q25

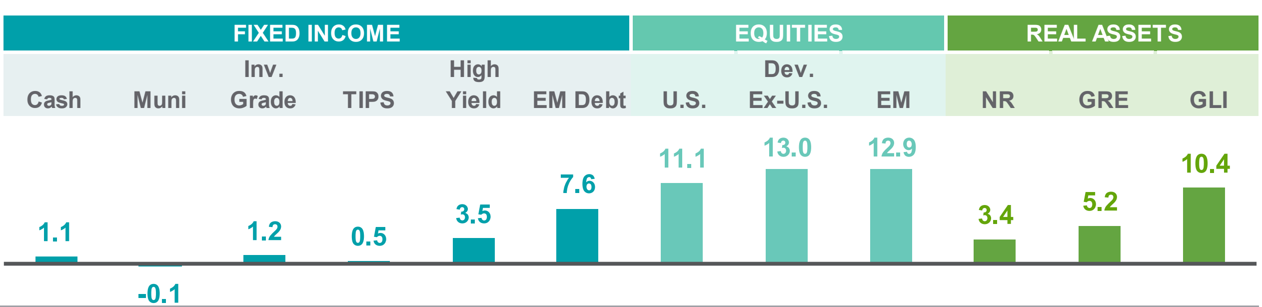
TENSIONS AND TURNAROUNDS

Navigating a shifting global landscape. Global markets contended with a turbulent macroeconomic landscape, largely shaped by evolving U.S. policy initiatives. The tariffs announced on April 2 ("Liberation Day") were broader and more substantial than anticipated, delivering a sharp initial shock to sentiment. However, incremental de-escalation efforts, including 90-day pauses and an emphasis on trade negotiations, helped stabilize the situation. Despite these efforts, the persistence of elevated tariffs and policy uncertainty continued to reshape the global economic environment. Consensus forecasts, led by U.S. revisions, shaved global growth expectations and pushed inflation projections higher. Although one-year U.S. recession probabilities moderated after the initial spike, they remain elevated at roughly 35-40%. Global economic activity, while distorted by trade data and front-loading ahead of tariffs, proved relatively resilient. Inflation pressures were subdued across several major economies, but core inflation rates stayed above central bank targets and U.S. inflation is expected to rise in the second half of the year due to tariff effects. The Federal Reserve adopted a cautious stance, holding rates steady during the quarter, though markets are pricing in several rate cuts over the coming year. Non-U.S. central banks are also anticipated to continue easing policy. Still, if the past quarter is any indication, the macro backdrop can deliver surprises. Beyond the potential for unexpected developments, several known unknowns could alter the outlook again, such as Middle East conflict, fiscal policy shifts, and tariffs.

Second quarter strength for equities. Financial markets performed well in the second quarter with gains across most major asset classes. Equity markets proved quite resilient in the face of considerable uncertainty throughout the quarter across a number of avenues including U.S. tariff policy, geopolitics and fiscal policy. Despite a 10%-plus sell-off in early April, U.S. equities rebounded firmly to post an 11% quarterly gain with a major boost from strong performance in technology and AI-related parts of the market. Sector returns spanned 15%-plus gains in information technology and communication services to 8-10% losses in energy and health care. Following a weaker 1Q, megacap tech re-emerged as a market leader with the Magnificent 7 group posting roughly double the return of the S&P 500 (21%). Meanwhile, the U.S. dollar initially weakened in April and then continued to slide lower throughout the rest of the quarter as some investors looked to diversify away from the U.S. Broader dollar indexes were down over 6%. Non-U.S. equities outpaced the U.S. in dollar terms and retain a notable (i.e., double-digit) advantage in 2025 so far. Fixed income returns were positive but much lower than equities. Credit spreads tightened in the quarter while longer-term interest rates were modestly higher, resulting in a more favorable setup for high yield fixed income versus investment grade. Real assets returns were positive but below global equities for the quarter. Global listed infrastructure was closer to keeping pace with global equities while natural resources and global real estate saw mid-single-digit gains.

SECOND QUARTER 2025 TOTAL RETURNS (%)

Global equities ended the quarter at an all-time high, rebounding sharply from the weakness experienced in early April.



	Cash	Muni	Inv. Grade	TIPS	High Yield	EM Debt	U.S.	Dev. Ex-U.S.	EM	NR	GRE	GLI
YTD	2.1	-0.3	4.0	4.7	4.6	12.3	5.8	19.7	14.9	10.8	6.5	15.5

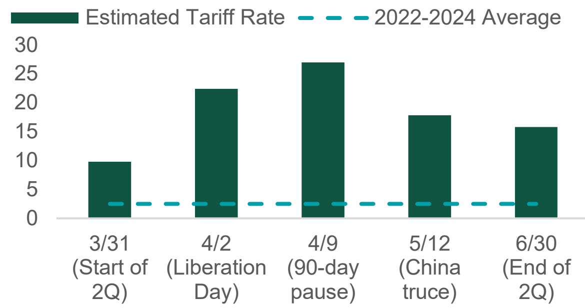
Source: Northern Trust Asset Management, Bloomberg. NR: Natural Resources; GRE: Global Real Estate; GLI: Global Listed Infrastructure. Indexes are gross of fees. Past performance is not indicative or a guarantee of future results. Index performance returns do not reflect any management fees, transaction costs or expenses. It is not possible to invest directly in any index.

KEY DEVELOPMENTS

Policy Uncertainty

Policy uncertainty remained a key focus in 2Q. Tariff policy was a primary vector with uncertainty around the level of tariffs and their ultimate economic impact. After market consternation following early-April news of reciprocal tariffs, investor sentiment on the issue improved following eventual de-escalations around reciprocal and U.S.-China tariffs, plus legal rulings against some of the tariffs. Still, key tariff deadlines loom in early 3Q and questions remain on how tariffs will impact economic activity in the rest of the year.

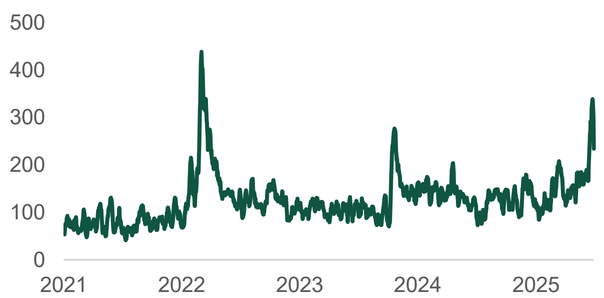
ESTIMATED EFFECTIVE TARIFF RATES (%)



Geopolitics

Geopolitical risk also pushed its way towards center stage in 2Q. In addition to the ongoing Ukraine war, tensions escalated in the Middle East and India-Pakistan. Even as the U.S. launched airstrikes against nuclear sites in Iran, a ceasefire was agreed to within two weeks of the initial Israel strikes. Oil prices gained (and subsequently fell following the ceasefire) about 15%. The episode was largely without sustained major financial market impacts as energy infrastructure and global oil shipments were not meaningfully targeted.

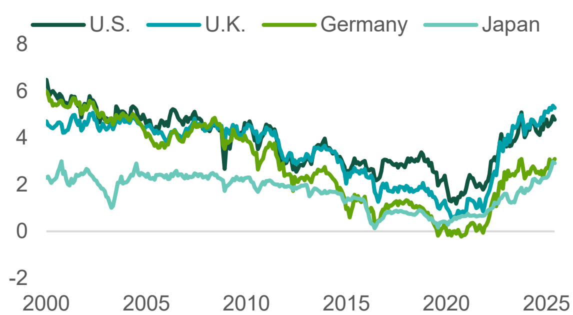
GEOPOLITICAL RISK INDEX (7-DAY AVERAGE)



Debt & Deficits

Government debt for many developed market countries has increased following pandemic-era fiscal support. Plus, some governments continue to delay fiscal consolidation. Inflation has remained high and in some cases above central bank targets for the most part of the last four years. This has all helped contribute to shifting supply/demand dynamics for longer term fixed income. A number of major developed countries (U.S., U.K., Japan, etc.) saw new post-2020 highs in their 30-year government bond yields in the quarter.

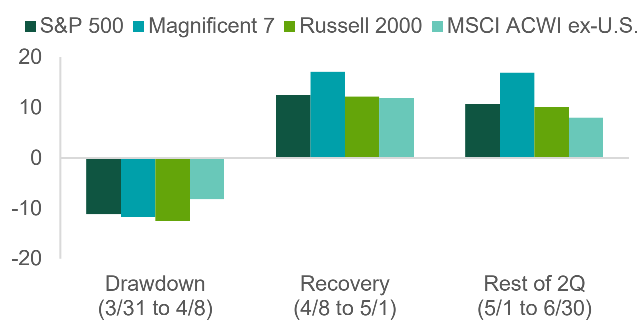
30-YEAR GOVERNMENT BOND YIELDS (%)



Technology

Following concerns around the durability of the AI investment story earlier this year, investor interest gained traction as companies look to adopt AI and the associated digital ecosystem is built out. Megacap tech-related companies returned to their familiar spot as a market leader. With increased emphasis on AI adoption, these companies have re-established their more favorable earnings outlook versus the rest of the U.S. market. Overall, the Magnificent 7 contributed just over 55% of the 11% quarterly gain for the S&P 500.

RETURNS ACROSS 2Q2025 (%)



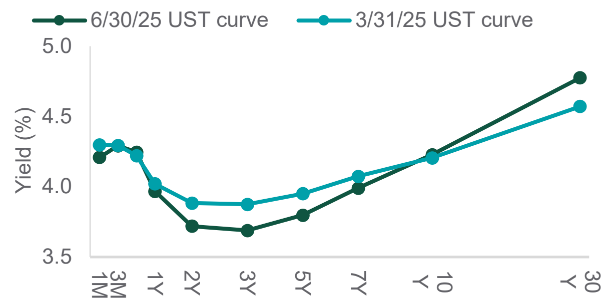
Source: Northern Trust Asset Management, Bloomberg, Macrobond, Yale Budget Lab, Matteo Iacoviello. Data as of 6/30/2025. Fourth chart: Mag 7 proxied by Bloomberg Magnificent 7 Index; returns in USD. Past performance is not indicative or a guarantee of future results. Index performance returns do not reflect any management fees, transaction costs or expenses. It is not possible to invest directly in any index.

MARKET REVIEW

Interest Rates

Amid shifting fiscal and inflation dynamics, long-term sovereign bond yields pushed higher across several major countries. The Liberation Day trade shock led longer-dated Treasury yields 45-50 basis points (bps) higher in just five days. During this period there was an unsettling break from historical patterns, including equity losses and dollar weakening, but de-escalatory tariff policies eventually helped provide stability. Front-end yields ended the quarter lower as the market priced in a delayed but more aggressive Fed rate cutting cycle.

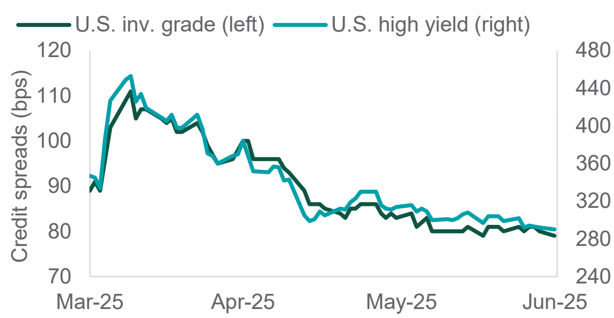
U.S. TREASURY YIELD CURVE



Credit Markets

Investment grade (IG) spreads tightened 10 bps to 0.79%, while high yield (HY) spreads narrowed 57 bps to 2.90%. Credit markets recovered nicely from the early April trade shock that sent spreads as high as 4.53% for HY. While the spread widening was notable, credit market losses were on the smaller side relative to the degree of the sell-off in the equity markets. The ensuing recovery had a defensive tilt as higher-quality credits outperformed. Across the full quarter, IG fixed income returned 1.2% versus a 3.5% gain for HY.

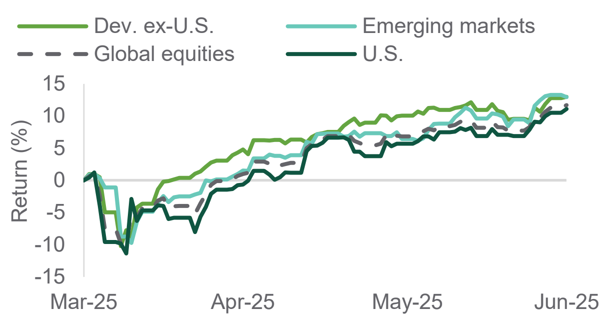
CREDIT SPREADS



Equities

All three major equity regions reached new all-time highs despite steep losses early on. Global equities finished up 11.7%, including more balanced returns from a regional perspective relative to the first quarter in which the U.S. notably underperformed. Equity markets moved higher as policy uncertainty eased, but there was also notable support from strong tech earnings and renewed enthusiasm in the artificial intelligence trade. Within the U.S. market, sector and style leadership had a less defensive posture overall than in the first quarter.

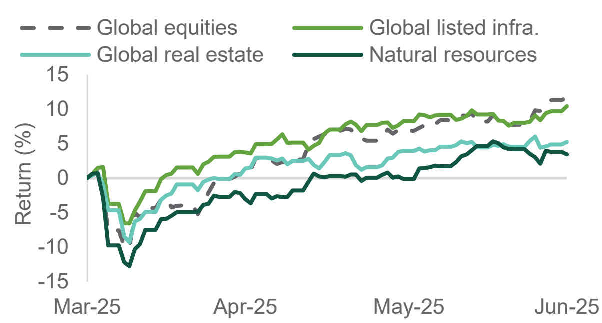
REGIONAL EQUITY INDICES



Real Assets

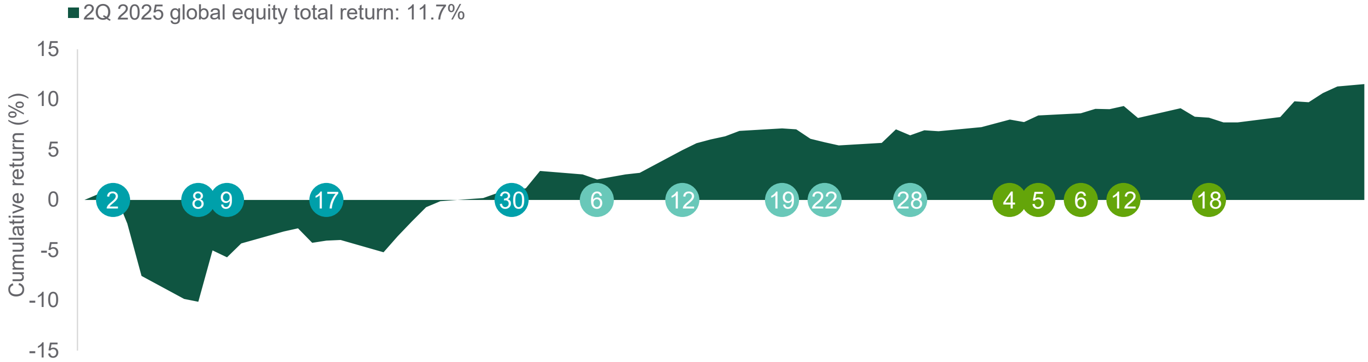
Real assets were positive in the second quarter, but they underperformed global equities. Global Listed Infrastructure led with a 10.4% gain. It provided the most downside protection during the market sell-off in April, and more broadly it continues to see support from structural growth drivers such as global power demand. Global Real Estate and Natural Resources saw solid but lower returns at 5.2% and 3.4%, respectively. Gold rose another 6% during the quarter, extending its strong run and recent appeal as a diversifying portfolio asset.

REAL ASSET INDICES



Source: Bloomberg. Returns in U.S. dollars. Indexes are gross of fees. Past performance is not indicative or a guarantee of future results. Index performance returns do not reflect any management fees, transaction costs or expenses. It is not possible to invest directly in any index.

MARKET EVENTS



APRIL	MAY	JUNE
2 U.S. announces sweeping "Liberation Day" tariffs, sparking volatility across global markets.	6 After a historic failure in the first round of voting, Friedrich Merz is confirmed as Germany's new chancellor.	4 The U.S. doubles tariffs on steel and aluminum from 25% to 50%.
8 S&P 500 closes 1% away from entering bear market territory (20% decline from its recent peak) amid escalating trade tensions.	12 U.S. and China agree to a 90-day tariff reduction that lowers the U.S. reciprocal tariff on China from 125% to 10%, helping reduce left-tail risk.	5 U.S. President Trump and Chinese leader Xi Jinping hold a call that is followed by a truce the next week that is aimed at resolving rare earth curbs.
9 Global equities surge 5% after U.S. President Trump announces 90-day pause on reciprocal tariffs but hikes China tariffs.	19 Markets smoothly digest news that Moody's downgraded its U.S. government credit rating, but long-term government bond yields continue to push higher overall.	6 U.S. May employment report shows modest cooling in the labor market.
17 The European Central Bank cuts its policy rate and underscores downside economic growth risks from U.S. tariffs.	22 The U.S. House passes a bill (which nears passage in the Senate as of quarter end) that is projected to add to the long-term government debt load.	12 Israel attacks Iran, followed by direct U.S. involvement about a week later. Oil surges toward $80 per barrel, but a swift ceasefire then sends oil prices back to pre-conflict levels.
30 U.S. growth contracts in the first quarter, reflecting softer demand to some extent but mostly just distortions from outsized imports impacts.	28 Nvidia reports record revenues and guides above estimates, supporting the AI trade and closing out a strong first quarter for large cap U.S. earnings.	18 The Fed leaves the target range for the federal funds rate unchanged, emphasizing patience as it learns more about trade policy impacts.

Prepared by Northern Trust Asset Management for United Bank.

Indexes used: Bloomberg (BBG) 1-3 Month UST (Cash); BBG Municipal (Muni); BBG Aggregate (Inv. Grade); BBG TIPS (TIPS); BBG High Yield 2% Capped (High Yield); JP Morgan GBI-EM Global Diversified (Em. Markets Fixed Income); MSCI U.S. Equities IMI (U.S. Equities); MSCI World ex-U.S. IMI (Dev. ex-U.S. Equities); MSCI Emerging Market Equities IMI (Em. Markets Equities); S&P Global Natural Resources (Natural Resources); MSCI ACWI IMI Core Real Estate (Global Real Estate); S&P Global Infrastructure (Global Listed Infrastructure)..