

# MARKET COMMENTARY

## JUNE 2025

- The best performing sector for May was Information Technology while the worst was Health Care
- Tariff volatility was elevated late May after the U.S. Court of International Trade ruled against many tariffs imposed by President Trump
- Moody's downgraded U.S. government credit rating from Aaa to Aa1

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Equity markets continued to recover in May following early April's "Liberation Day" tariff related declines. Although tariff uncertainty has weighed on sentiment, the decision by the U.S. and China in mid-May to suspend tariffs for 90 days represented an important cooling off of tensions and helped support the market recovery. While intra-month volatility around tariff uncertainty continued, the resetting of tariff demands for both China and Europe proved to be bullish market catalysts. The perception that the most extreme tariff stances embraced by the administration may be more bargaining strategies than policy prescriptions appears to have somewhat eased investor concerns. The idea being that President Trump may not follow through on his more extreme tariff proposals has provided market support against a backdrop of continuing trade policy uncertainty.

We remain concerned that the economic impacts of tariffs have yet to be fully felt which could include pressure on corporate earnings and economic growth as well as higher inflation and interest rates. We continue to think it likely that the U.S. economy may experience a short-term soft patch with associated elevated market volatility but remain optimistic about longer-term potential.

Equity markets advanced sharply in May with the Dow Jones Industrial Average up by 3.9%, the S&P 500® index up 6.2%, and the smaller cap weighted Russell 2000® gaining 5.2%. The VIX index, or fear gauge which had spiked to multi-year highs in April dropped from the 24 range at the beginning of the month to end at a more normal level of about 18.6.

Ten of the eleven industry sectors of the S&P 500 advanced during May. The best performing sector was Information Technology which increased by 10.8% followed by the Communications Services sector which was up 9.6%. The weakest performance in the month was posted by the Health Care sector which decreased by 5.7% followed by the Energy sector which was up 0.3%. For the prior twelve months period, the Financials sector was the best performer with a 22.4% increase followed by the Consumer Discretionary sector which was up by 20.6%, while the Energy sector was the worst performer for the past twelve months with a 12.5% decrease followed by the Materials sector which was down by 5.3%.

Ongoing tariff uncertainty was further elevated in late May after the U.S. Court of International Trade ruled against many of the tariffs imposed by the President indicating the administration does not have the authority under the International Emergency Economic Powers Act. In short order the Justice Department achieved a Federal Appeals Court stay order that leaves the existing tariffs in place for now during an appeals process likely to end up before the U.S. Supreme Court. Adding legal uncertainty with the ongoing negotiating uncertainty further weighs on markets attempting to handicap the ultimate tariff burden to expect. However, even if the administration ultimately loses on this legal issue, it appears likely that tariffs will not go away but, rather, reappear under alternate authorizations suggesting that tariff related issues may weigh on markets for an extended period.

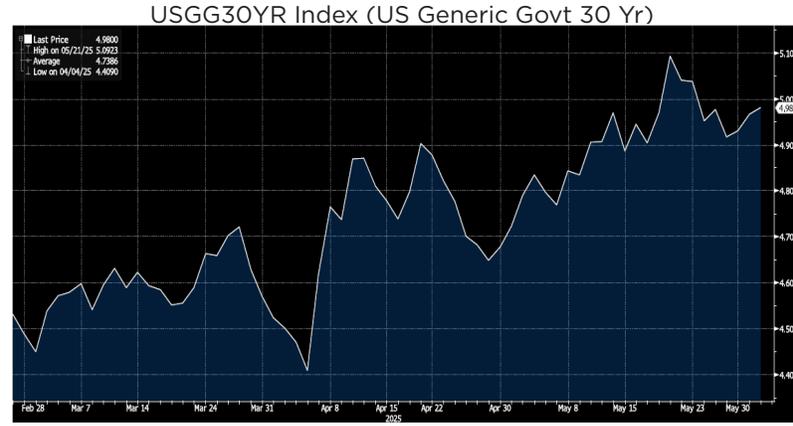
On Capitol Hill, the budget bill also known as the "One, Big, Beautiful Bill" passed by the House of Representatives is now in the hands of the U.S. Senate where some Senators are taking umbrage with the impact estimated by the CBO to add \$2.4 trillion to the deficit over ten years. Although the administration is pushing for a quick turnaround in the Senate, there is the potential for debate to drag on potentially even to yearend with no resolution resulting in a possible continuing resolution to fund the government.

The U.S. national debt has doubled over the past fifteen years and as rates rise the burden from interest costs on annual expenditures presents a mounting fiscal challenge. In mid-May ratings agency Moody's downgraded the U.S. government's credit rating from Aaa to Aa1. In presenting its rationale for the downgrade, Moody's indicated: "Over more than a decade, US federal debt has risen sharply due to continuous fiscal deficits. During that time, federal spending has increased while tax cuts have reduced government revenues. As deficits and debt have grown, and interest rates have risen, interest payments on government debt have increased markedly. As a result, we expect federal deficits to widen, reaching nearly 9% of GDP by 2035, up from 6.4% in 2024, driven mainly by increased interest payments on debt, rising entitlement spending, and relatively low revenue generation. We anticipate that the federal debt burden will rise to about 134% of

**Please see important disclosures in the Disclosure Section at the end of this document.**

GDP by 2035, compared to 98% in 2024.”

Ongoing tariff uncertainty, budget and deficit concerns, and the recent downgrade of U.S. debt appear to be weighing on credit markets as reflected in rising interest rates over the past few months. This dynamic has been particularly noteworthy in longer dated securities including the 30-year Treasury where yields have climbed to the 5% range. A backdrop of rising long-term interest rates could present an emerging challenge for equity investors given the historical sensitivity of stock prices to rates.



Source: Bloomberg

We were pleased to see equity markets further recover in May from the April lows as more extreme tariff measures were put on hold and quarterly corporate earnings continued to generally exceed expectations. However, we look for an economic soft patch/stagflation to persist into this autumn given a range of macro and tariff uncertainties, while the FOMC likely takes a cautious stance watching employment datasets as the key factor driving interest rate policy. Time will tell how the U.S. economy evolves through this year given policy and macro uncertainty. Still, on a near term basis we do not view equity markets as being unusually cheap – with the S&P 500 trading at over 22x 2025 consensus earnings and at over 17x on an Equal Weight basis. We do however look for improved economic activity into 2026 and as such are employing an intermediate or longer term focus for selective investments. We recommend investors focus on quality, well-managed, companies poised to generate consistent strong free cash flow available to return to investors as dividends and or share buybacks, while fixed income is also looking attractive.

# MARKET AND ECONOMIC STATISTICS

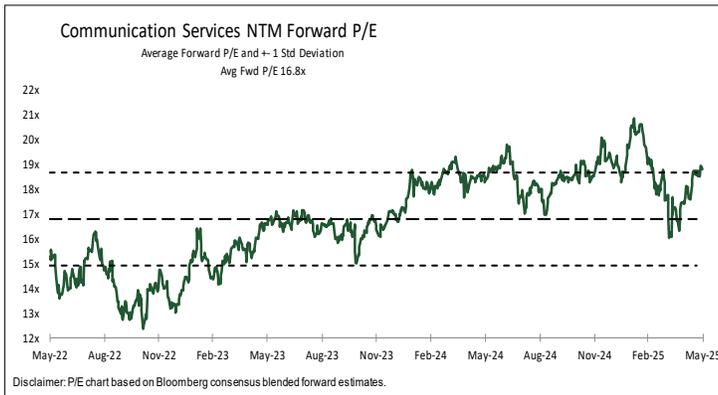
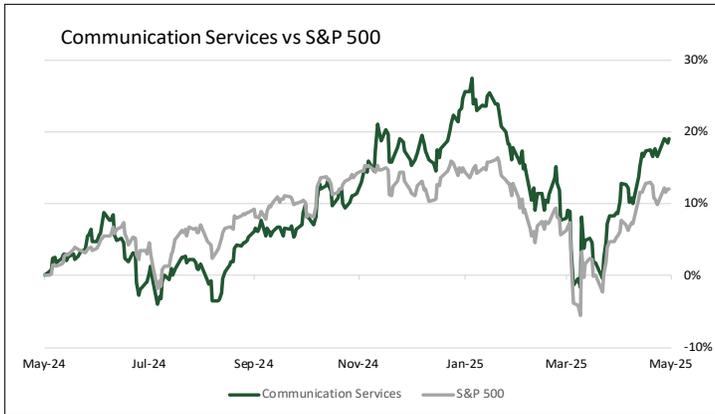
<b>Market Indices:</b>	<b>5/30/2025</b>	<b>12/31/2024</b>	<b>% Change YTD</b>	<b>4/30/2025</b>	<b>% Change (Monthly)</b>
S&P Composite	5,911.69	5,881.63	0.51%	5,569.06	6.15%
Dow Jones Industrials	42,270.07	42,544.22	-0.64%	40,669.36	3.94%
NASDAQ Composite	19,113.77	19,310.79	-1.02%	17,446.34	9.56%
Russell 2000	2,066.29	2,230.16	-7.35%	1,964.12	5.20%
FTSE 100	8,772.38	8,173.02	7.33%	8,494.85	3.27%
Shanghai Composite	3,347.49	3,351.76	-0.13%	3,279.03	2.09%
Nikkei Stock Average	37,965.10	39,894.54	-4.84%	36,045.38	5.33%
Stoxx Europe 600	548.67	507.62	8.09%	527.48	4.02%
MSCI Emerging Markets	1,157.34	1,075.48	7.61%	1,112.84	4.00%
MSCI Emerging Markets Small Cap	1,462.02	1,406.15	3.97%	1,357.56	7.69%
<b>Performance of S&amp;P 500 by Industry:</b>	<b>% of Index as of 05/30/2025</b>	<b>1 Month</b>	<b>3 Month</b>	<b>Year to Date</b>	<b>12 Months</b>
Consumer Discretionary	10.65%	9.38%	-1.22%	-6.21%	20.64%
Consumer Staples	5.91%	1.66%	-0.64%	7.46%	11.30%
Energy	3.00%	0.30%	-8.86%	-5.42%	-12.53%
Financials	14.31%	4.29%	-0.03%	5.16%	22.37%
Health Care	9.61%	-5.72%	-10.90%	-3.82%	-7.63%
Industrials	8.73%	8.63%	5.83%	8.22%	15.77%
Information Technology	31.61%	10.79%	1.26%	-1.85%	13.90%
Materials	1.94%	2.80%	-2.33%	2.81%	-5.32%
Communication Services	9.62%	9.62%	0.66%	3.20%	19.03%
Utilities	2.49%	3.36%	2.98%	7.67%	12.79%
Real Estate	2.14%	0.85%	-2.91%	2.21%	9.90%
S&P 500 (Absolute performance)	100.00%	6.15%	-0.73%	0.51%	12.02%
<b>Interest Rates:</b>	<b>5/30/2025</b>	<b>12/31/2024</b>	<b>YTD Change (Basis Points)</b>	<b>4/30/2025</b>	<b>Month Change (BPS)</b>
Fed Funds Effective Rate	4.33%	4.33%	0	4.33%	0
Prime Rate	7.50%	7.50%	0	7.50%	0
Three Month Treasury Bill	4.30%	4.28%	3	4.25%	6
Ten Year Treasury	4.40%	4.57%	-17	4.16%	24
Spread - 10 Year vs 3 Month	0.10%	0.29%	-19	-0.08%	18
<b>Foreign Currencies:</b>	<b>5/30/2025</b>	<b>12/31/2024</b>	<b>% Change YTD</b>	<b>4/30/2025</b>	<b>% Change (Monthly)</b>
Brazil Real (in US dollars)	0.17	0.16	7.8%	0.18	-0.9%
British Pound (in US dollars)	1.35	1.25	7.5%	1.33	1.0%
Canadian Dollar (in US dollars)	0.73	0.70	4.7%	0.72	0.4%
Chinese Yuan (per US dollar)	7.20	7.30	-1.4%	7.27	-1.0%
Euro (in US dollars)	1.13	1.04	9.6%	1.13	0.2%
Japanese Yen (per US dollar)	144.02	157.20	-8.4%	143.07	0.7%
<b>Commodity Prices:</b>	<b>5/30/2025</b>	<b>12/31/2024</b>	<b>% Change YTD</b>	<b>4/30/2025</b>	<b>% Change (Monthly)</b>
CRB (Commodity) Index	555.02	536.50	3.5%	547.60	1.4%
Gold (Comex spot per troy oz.)	3289.25	2624.50	25.3%	3288.71	0.0%
Oil (West Texas int. crude)	60.79	71.72	-15.2%	58.21	4.4%
Aluminum (LME spot per metric ton)	2438.25	2526.78	-3.5%	2371.69	2.8%
Natural Gas (Futures 10,000 MMBtu)	3.45	3.63	-5.1%	3.33	3.6%
<b>Economic Indicators:</b>	<b>4/30/2025</b>	<b>12/31/2024</b>	<b>% Change YTD</b>	<b>3/31/2025</b>	<b>% Change (Monthly)</b>
Consumer Price Index	320.3	317.6	-0.8%	319.6	0.2%
Producer Price Index	259.7	261.4	0.7%	260.1	-0.1%
	<b>1Q25</b>	<b>4Q24</b>	<b>3Q24</b>	<b>2Q24</b>	<b>1Q24</b>
GDP Growth Rate (Quarterly)	-0.20%	2.40%	3.10%	3.00%	1.60%
Unemployment Rate (End of Month)	<b>April 4.2%</b>	<b>March 4.2%</b>	<b>February 4.1%</b>	<b>January 4.0%</b>	<b>December 4.1%</b>

\*GDP growth rate is calculated as the percent change from the previous period seasonally adjusted at annual rates. \*\*S&P Sectors were re-named at the end of 2001. The sector Industrials is a combination of the former sectors Capital Goods & Transportation. Sources: Wall Street Journal, Bloomberg, The Department of Labor, The Bureau of Labor Statistics, The Bureau of Economic Analysis, US Treasury website.

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# COMMUNICATIONS SERVICES



Source : Bloomberg

## Sector Performance

1 Month	3 Months	YTD	TTM
9.62%	0.66%	3.20%	19.03%

## S&P 500 Performance

1 Month	3 Months	YTD	TTM
6.15%	-0.73%	0.51%	12.02%

## Company Performance

Leaders	Company	1 Month
	Walt Disney Co/The	24.3%
	Meta Platforms Inc	17.9%
	Warner Bros Discovery	15.0%
	Fox Corp	10.3%
	Fox Corp	8.7%
Laggards	Interpublic Group	-4.6%
	Omnicom Group Inc	-3.6%
	TKO Group Holdings Inc	-3.1%
	Take-Two Interactive	-3.0%
	T-Mobile US Inc	-1.9%

## Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$16.90	\$18.02	\$19.40
20.9x	19.6x	18.2x

## Sector Update

Communications Services outperformed the market in May driven by the Interactive Media & Services and Entertainment sub-sectors.

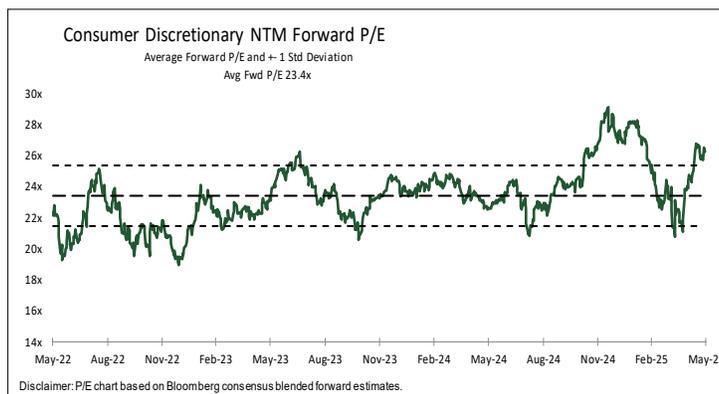
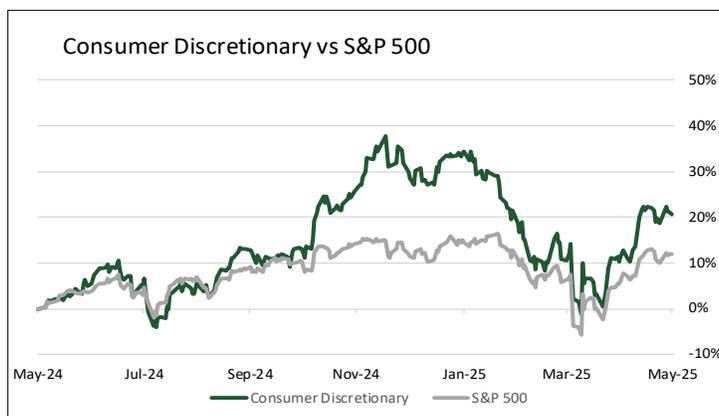
Interactive Media & Services performance was driven by a leading social media company that reported better than expected results. Interactive Media & Services companies' AI initiatives could drive higher user engagement, enhanced ad monetization, and greater operating efficiency, which could drive higher long-term revenue and profit growth. Their increased utilization of AI agents to perform software coding could accelerate their pace of innovation and improve their operating efficiency.

The performance of the Interactive Media & Services sector over the next six months could be influenced by the potential outcome of the Department of Justice's anti-trust case against the largest Internet search provider and the Federal Trade Commission's ant-trust case against the largest social media company.

Entertainment subsectors performance was driven by a leading entertainment company that reported better than expected results, including healthy theme park demand and bookings, and allayed investors' concern that its profit could be impacted by the Trump Administration's potential tariffs on content produced overseas and distributed in the U.S. The company reported that it produces most of its domestically aired content within the U.S. and therefore would be minimally impacted by potential tariffs.

The Communications Services sector appears close to fairly valued, with a P/E of 19.6x and 18.2x the consensus analyst FY25/ FY26 EPS estimates, compared to 8% earnings growth and its average forward P/E multiple of 16.8x.

# CONSUMER DISCRETIONARY



Source : Bloomberg

## Sector Performance

1 Month	3 Months	YTD	TTM
9.38%	-1.22%	-6.21%	20.64%

## S&P 500 Performance

1 Month	3 Months	YTD	TTM
6.15%	-0.73%	0.51%	12.02%

## Company Performance 1 Month

Leaders	Company	1 Month
	Carnival Corp	26.6%
	Ralph Lauren Corp	23.1%
	Tesla Inc	22.8%
	Royal Caribbean	19.6%
	Ulta Beauty Inc	19.2%
Laggards	DR Horton Inc	-6.6%
Mohawk Industries Inc	-5.4%	
Deckers Outdoor Corp	-4.8%	
PulteGroup Inc	-4.4%	
Tractor Supply Co	-4.4%	

## Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$60.82	\$58.72	\$67.50
28.2x	29.2x	25.4x

## Sector Update

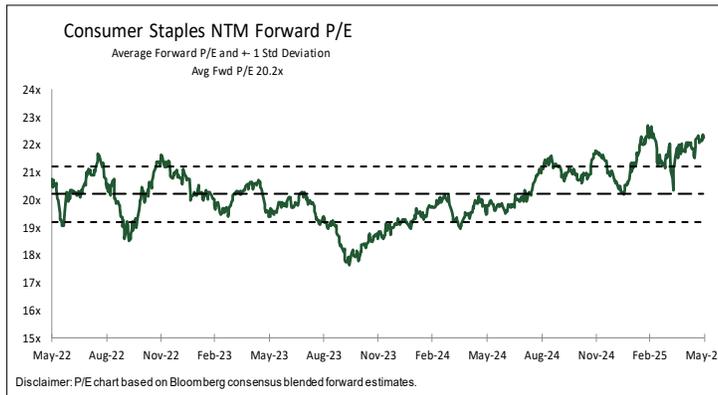
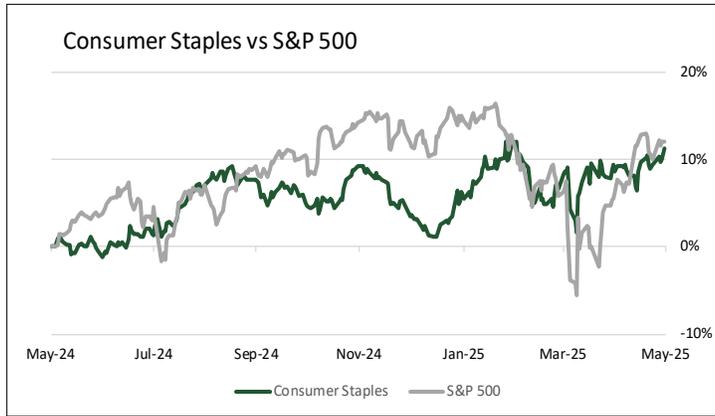
Consumer Discretionary stocks rallied in May recovering a meaningful portion of year-to-date declines. The sector significantly outperformed the broader market during the month fueled by gains in the Automobiles and Auto Components subsectors followed by Multiline Retail. The only industry subsector that declined in May was Household Durables. Although the Consumer Discretionary sector was well ahead of the S&P 500 for the month and for the trailing twelve months period, it has underperformed the index on a three months and year-to-date basis, as reflected in the accompanying chart.

The University of Michigan reported that consumer sentiment in May dropped to 50.8 which is the second lowest reading on record. However, this report was largely prepared before the U.S. and China reached an agreement to pause tariffs for 90 days. The Conference Board survey, on the other hand, reported that consumer confidence increased in May reflecting the first gain in five months. Consumer confidence advanced well above expectations to 98.0 in May from a revised level of 85.7 in April. With high levels of economic uncertainty this year linked to changing trade and tariff policies, the recent improvement in confidence appears to be linked to progress in China tariff talks that occurred during May.

Retail sales growth moderated in April to just a 0.1% increase following March's bump higher that appears to have displayed some tariff induced pull forward of sales. The deceleration in sales appears to reflect some heightened caution from consumers in the midst of tariff uncertainty. A particularly sharp slowdown was seen in the pace of auto sales which declined in the month as did gasoline. Core retail sales that excludes both gas and auto sales increased 0.2%. A bright spot was seen in restaurant sales which increased by 1.2% month-over-month and 7.8% versus the prior year which appears encouraging in light of the macro backdrop. A potentially worrying sign in the sales report was seen in control group sales which reflects a narrower subset of core demand that declined by 0.2% which was well below Bloomberg consensus estimates of a 0.3% gain.

Existing home sales missed expectations for April declining by 0.5% to a seasonally adjusted annual rate of 4.0 million units per data from the National Association of Realtors. On a year-over-year basis sales declined by 2.0%. The sales report represented the softest performance since 2009 as buyers react to macro uncertainty, home prices, and mortgage rates. The Chief Economist at the National Association of Realtors, Lawrence Yun, indicated: "Home sales have been at 75% of normal or pre-pandemic activity for the past three years, even with seven million jobs added to the economy. Pent-up housing demand continues to grow, though not realized. Any meaningful decline in mortgage rates will help release this demand." The average home selling price for the month rose 1.8% versus the prior year to \$414,000 while inventory stands at about a 4.4 months supply.

# CONSUMER STAPLES



Source : Bloomberg

## Sector Performance

1 Month	3 Months	YTD	TTM
1.66%	-0.64%	7.46%	11.30%

## S&P 500 Performance

1 Month	3 Months	YTD	TTM
6.15%	-0.73%	0.51%	12.02%

## Company Performance 1 Month

Leaders	Company	1 Month
	Estee Lauder Cos Inc	11.6%
	Dollar Tree Inc	10.4%
	Kimberly-Clark Corp	9.1%
	Monster Beverage Corp	6.4%
	Lamb Weston Holdings	5.6%
Laggards		
	Tyson Foods Inc	-8.3%
	Kraft Heinz Co/The	-8.1%
	Conagra Brands Inc	-7.4%
	Clorox Co/The	-7.3%
	Molson Coors Beverage	-6.8%

## Consensus FY EPS / P/E

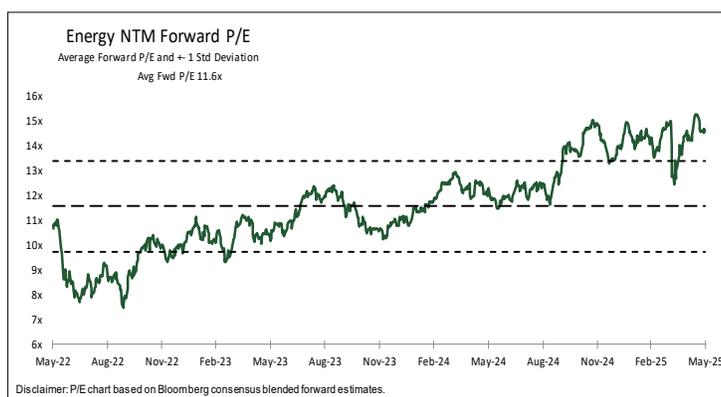
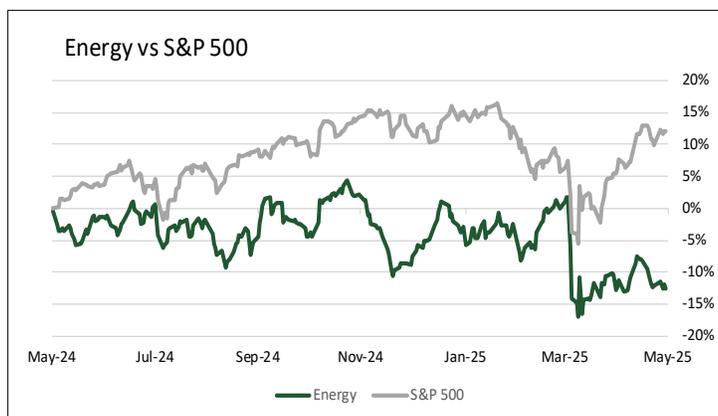
Last Year	Current Year	Next Year
\$39.85	\$39.37	\$42.08
23.0x	23.3x	21.8x

## Sector Update

The Consumer Staples sector increased 1.66% on average in May and underperformed the S&P 500 Index that increased 6.15%. YTD, the Consumer Staples sector recorded a strong performance increasing 7.46% and well outperforming the S&P 500 Index that increased 0.51%. All segments reported gains in May except Food Products and Beverages. Category growth and volumes for the food and beverage companies remains weaker than forecast at the start of the year. Weaker consumption and purchases by domestic consumers and inventory with retailers remain key overhangs on the group. Given slowing growth, the potential for a step-up in promotions across categories rises. In recent months, consumers have pulled back on purchases across many categories including basic food, beverage and household items with only some trade down to private label options. For the Home Products segment, category and consumption trends did slightly improve sequentially in April. The Tobacco sector remains a strong performer year-to-date rising nearly 49% and well outperforming other sectors. Momentum continues with contribution from strong pricing for combustibles and continued growth for smoke-free products. Tobacco companies remain committed to returning value to shareholders, generating strong cash flow and supporting attractive dividend yields. The Consumer Staples segment trades with a forward P/E of about 23.3x as compared with its average forward P/E of 20.2x. Key drivers for 2H for the sector include consumer behavior including channel shopping shifts, tariffs and the impact on costs and business, changing consumption patterns, trend toward GLP-1 use, potentially increased regulations/labels by RfK on processed foods, artificial colors and synthetic dyes, and uncertainty about SNAP payments. We continue to advise a selective investment among the Consumer staples stocks and a market weighting remains preferred.

Ingredient and protein-oriented companies appear well-positioned to navigate current headwinds and uncertainties in 2025. Ingredient companies offer opportunities for customers to navigate potentially heightened restrictions through leveraging vast global networks and innovation strength. As consumers seek to eat more meals at home, ingredient and flavoring companies should capitalize on the trend. For ingredient companies, the tariff exposure results from imported agricultural raw materials not sourced in market. Over the years, most companies have worked to minimize dependence on one market by expanding sourcing strategies. The domestic corn and soybean supply/demand dynamic should benefit from large planting intentions and expected lower prices and inputs for protein growers. Portfolio transformation across the Consumer Staples segment through divestments and acquisitions as well as streamlining the number of product offerings also remains a key theme.

# ENERGY



Source : Bloomberg

## Sector Performance

1 Month	3 Months	YTD	TTM
0.30%	-8.86%	-5.42%	-12.53%

## S&P 500 Performance

1 Month	3 Months	YTD	TTM
6.15%	-0.73%	0.51%	12.02%

## Company Performance 1 Month

Leaders	Company	1 Month
	Marathon Petroleum	17.0%
	Expand Energy Corp	11.8%
	EQT Corp	11.5%
	Valero Energy Corp	11.1%
	APA Corp	9.5%
Laggards		
	Texas Pacific Land Corp	-13.6%
	Targa Resources Corp	-7.6%
	ConocoPhillips	-4.2%
	Exxon Mobil Corp	-3.2%
	ONEOK Inc	-1.6%

## Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$43.25	\$39.38	\$47.22
14.3x	15.7x	13.1x

## Sector Update

Energy was among the worst performing sectors within the S&P 500 in May. With ongoing hostilities in Europe and the Middle East, the macroenvironment continues to be challenged contributing to two years of significant relative underperformance for the sector. Against this backdrop, the Oil, Gas, & Consumable Fuels subsector outperformed the Energy Equipment & Services subsector during the month. In addition to the weak performance in May, the sector has underperformed the broader market for the past 12-months, YTD, and 3-month period.

The OPEC cartel left its demand growth forecast unchanged in mid-May from last month, citing impacts from first quarter demand data and trade tariffs. For the past few months OPEC+ has been gradually unwinding voluntary production cuts. However, countries such as Kazakhstan and Iraq, which have been producing above quotas, have been resistant to Saudi Arabia's efforts to rein in production levels. Kazakhstan has been adamant that it cannot cut oil production right now with Energy Minister Yerlan Akkenzhenov commenting that "the republic [Saudi Arabia] has no right to enforce production cuts." Despite tensions flaring between oil producing countries, OPEC+ agreed at the end of the month to sharply increase crude oil production in a bid to possibly gain share lost to shale over the years.

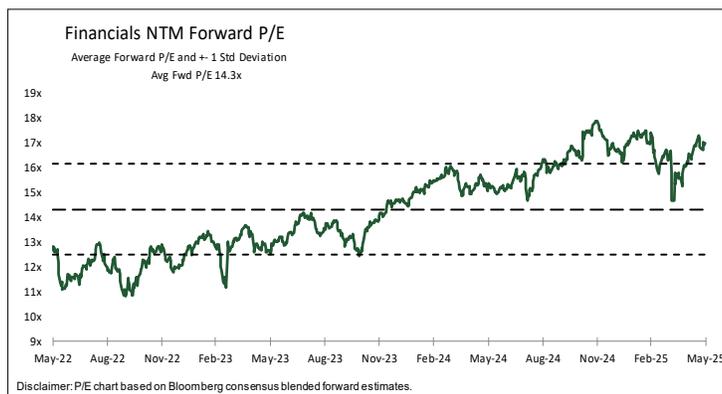
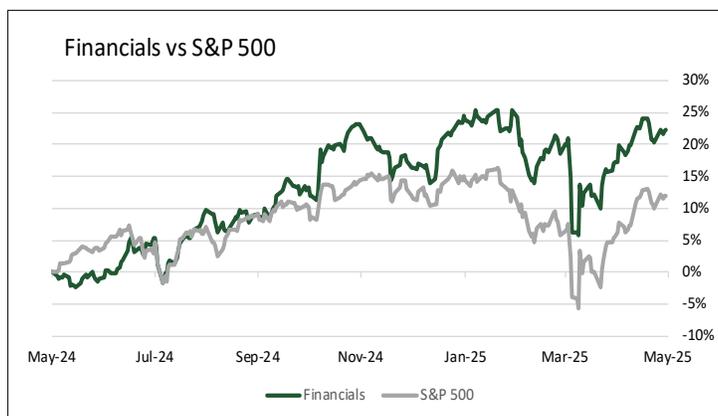
The International Energy Agency (IEA) in its May report detailed that it expects global oil supply to rise more than expected as OPEC+ unwinds production cuts faster than initially anticipated. The IEA now expects global oil supply to rise by 1.6 million barrels per day (bpd) this year, up 380,000 bpd from the previous forecast. The agency did, however, raise its forecast for oil demand growth this year by 20,000 bpd to 740,000 bpd.

According to Reuters, towards the end of the month indications of interest in U.S. crude oil storage surged to levels similar to what was seen during the COVID-19 pandemic. As OPEC continues to increase production, rising supply may put further pressure on oil prices. The potential of a prolonged period of depressed oil prices has turned market sentiment negative leading to signals that traders may want to store oil until prices recover.

West Texas Intermediate (WTI) crude oil prices slightly increased to \$60.79 at the end of the month from the \$58.21 level seen last month. Natural gas prices increased to \$3.45 from \$3.33 mmbtu last month. Retail gasoline prices decreased slightly to ~\$3.14 from the ~\$3.18 per gallon figure a month ago.

The Baker Hughes oil rig count decreased to 563 in the month from the 584-level last month. For the week ending May 23, U.S. crude oil inventories came in at 440.4 million barrels, which is ~6% below the five-year average for this time of year and compares to last month's 438.4 million barrels. Following the downturn seen during the height of the pandemic in 2020, U.S. crude oil production has been in an uptrend, which continued during 2024 and into 2025. The trough daily production seen in 2020 was in the 9.7 million barrels per day range and has now rebounded to a range of ~13.4 million barrels per day.

# FINANCIALS



Source : Bloomberg

## Sector Performance

1 Month	3 Months	YTD	TTM
4.29%	-0.03%	5.16%	22.37%

## S&P 500 Performance

1 Month	3 Months	YTD	TTM
6.15%	-0.73%	0.51%	12.02%

## Company Performance 1 Month

Leaders	Company	1 Month
	Coinbase Global Inc	21.6%
	Franklin Resources Inc	15.4%
	Northern Trust Corp	13.6%
	Synchrony Financial	11.0%
	Morgan Stanley	10.9%
Laggards		
	Fiserv Inc	-11.8%
	Berkshire Hathaway Inc	-5.5%
	Aflac Inc	-4.7%
	Apollo Global Mngmt	-4.2%
	Everest Group Ltd	-3.2%

## Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$47.39	\$47.76	\$52.54
17.9x	17.7x	16.1x

## Sector Update

The Financials sector gained 4.3% in May but lagged a strong 6.2% rebound in the S&P 500® given the market index heavy tilt toward Technology that rallied nearly 11% in the month. Still, the Financials were among the top five best performing sectors in the month, with its cyclical leverage benefiting from 90-day suspensions of tariffs supporting sentiment and a broader market rebound. As sentiment moved away from a worst-case scenario on tariffs, primary concerns in Financials such as growth, credit, and capital markets activity eased as well. The Financials sector continues to outpace the S&P 500 performance on a three- and twelve-month basis, along with -500bps of outperformance in the year-to-date period.

Subsector performance was led by the Consumer Finance group, up 8.2% in May, followed closely by Banks at 8% and Capital Markets up 6.9%. The Insurance subsector gained 3.4% in the month, with Diversified Financials flat in the period. Higher market levels, lower volatility, a better-than-expected Q1 earnings season, resilient macroeconomic data, and positive management commentary appeared to support better performance among the more risk-on subsectors.

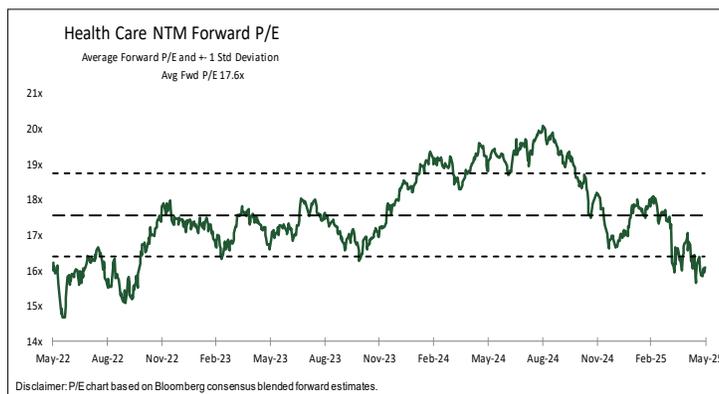
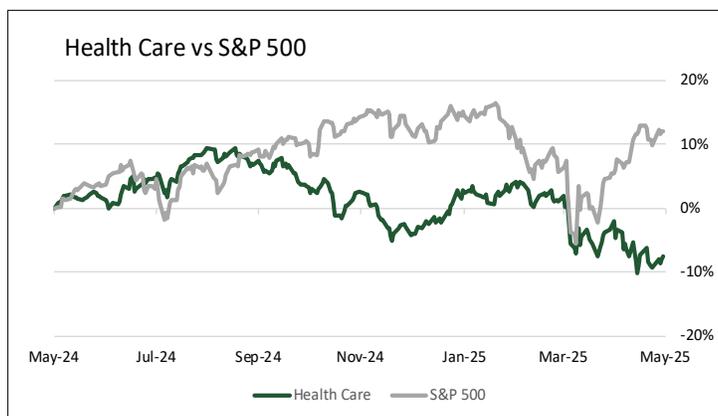
Cryptocurrency exchange Coinbase (COIN) was the leading Financial stock in May, rallying on its inclusion to the S&P 500 as a replacement for Discover Financial Services after Capital One (COF) closed its merger with Discover early in the month. Other factors driving strong appreciation in COIN included an announced acquisition of a derivatives exchange and appreciation in Bitcoin.

Berkshire Hathaway (BRK/B) was among the laggards in the sector in May following Warren Buffett's surprise announcement he would be stepping down as CEO after nearly 60 years of guiding the firm.

Although macroeconomic conditions remain uncertain, deregulation remains in place as a tailwind for the Bank group. In May, Treasury Secretary Bessent voiced support for amending the Supplementary Leverage Ratio (SLR) that requires banks to hold additional capital for Treasury holdings. Relaxing SLR constraints could reduce regulatory costs, particularly for mega-cap banks. Any change to regulatory capital rules are controlled by the Federal Reserve, which continues to await Senate confirmation of Vice Chair for Supervision nominee Michelle Bowman—widely anticipated to bring a dovish stance to bank policy.

Following recent appreciation from post-Liberation Day lows, the sector appears to face a more balanced risk and reward profile, particularly given a forward P/E of -17.7x compared to a three-year average 14.3x.

# HEALTH CARE



Source : Bloomberg

## Sector Performance

1 Month	3 Months	YTD	TTM
-5.72%	-10.90%	-3.82%	-7.63%

## S&P 500 Performance

1 Month	3 Months	YTD	TTM
6.15%	-0.73%	0.51%	12.02%

## Company Performance 1 Month

Leaders	Company	1 Month
	Insulet Corp	28.8%
	Dexcom Inc	20.2%
	IDEXX Laboratories Inc	18.7%
	Charles River Lab.	14.3%
	Solventum Corp	10.5%
Laggards	UnitedHealth Group Inc	-26.6%
	Regeneron Pharma.	-18.1%
	Eli Lilly & Co	-17.9%
	Becton Dickinson & Co	-16.7%
	Cooper Cos Inc/The	-16.4%

## Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$88.98	\$92.61	\$101.25
17.3x	16.7x	15.2x

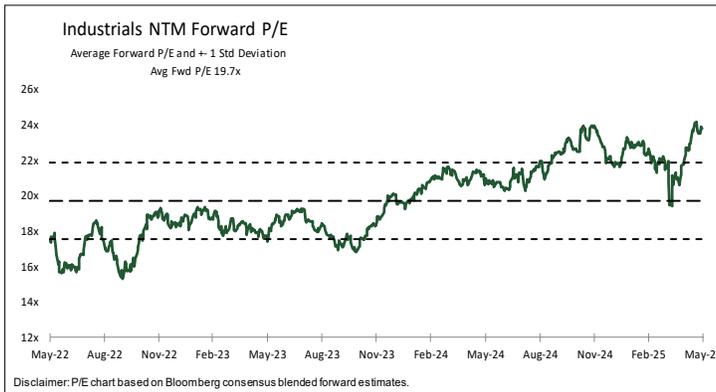
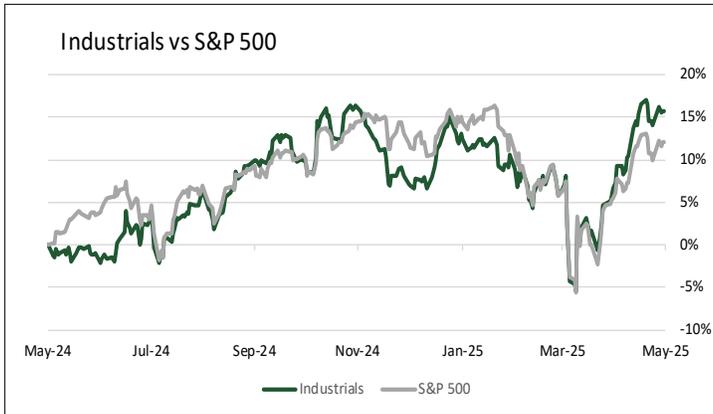
## Sector Update

The Health Care sector declined by 5.72% in May, significantly underperforming the S&P 500's 6.15% gain. At the end of April, Health Care ranked as the third-best performing sector in the S&P 500 on a year-to-date basis, but after May's sharp downturn, it is now the third worst-performing sector in the market. Earlier this year, Health Care benefited from the market's defensive tilt. However, over the past two months, it has struggled as the S&P 500 rebounded. Concerns over potential policy changes continue to weigh on sentiment, particularly as the objectives outlined in the 'Big Beautiful Budget Bill' could impact the sector. Meanwhile, the current presidential administration has threatened to impose pharmaceutical tariffs at rates higher than those on other goods and has signed an executive order aimed at reducing domestic pharmaceutical costs.

While the administration has yet to finalize the pharmaceutical-specific tariffs threatened earlier this year, the President has taken steps to address drug prices. On May 12, President Trump signed an executive order relating to a "most-favored nation" pricing model for prescription drugs. This directive instructs the Department of Health and Human Services to implement a pricing model that ties Medicare drug costs to the lowest prices paid in other developed nations. The order resembles a policy signed by the President during his first term, though it never became law due to extensive legal challenges. Meanwhile, a Budget Reconciliation Bill passed in the House in May and is now in the Senate. This bill includes several significant health policy provisions, including substantial cuts to Medicaid and sweeping reforms in pharmacy benefit management (PBM). The Congressional Budget Office estimates that proposed changes to federal Medicaid reimbursement and eligibility rules could yield \$625 billion in savings. Additionally, the PBM legislation within the bill includes provisions related to price transparency and spread pricing in Medicare.

The Biotechnology, Health Care Providers & Services, Life Sciences Tools & Services, and Pharmaceuticals subsectors all posted declines in May. The only subsector with positive performance was Health Care Providers & Services. Currently, the Health Care sector trades at a forward P/E of 16.7x projected 2025 earnings, below its historical average of 17.6x.

# INDUSTRIALS



Source : Bloomberg

## Sector Performance

1 Month	3 Months	YTD	TTM
8.63%	5.83%	8.22%	15.77%

## S&P 500 Performance

1 Month	3 Months	YTD	TTM
6.15%	-0.73%	0.51%	12.02%

## Company Performance

Leaders	Company	1 Month
	GE Vernova Inc	27.5%
	Rockwell Automation	27.4%
	Howmet Aerospace Inc	22.6%
	Axon Enterprise Inc	22.3%
	General Electric Co	22.0%
<b>Laggards</b>	Copart Inc	-15.6%
	Builders FirstSource Inc	-10.0%
	A O Smith Corp	-5.2%
	Huntington Ingalls	-3.2%
	Otis Worldwide Corp	-1.0%

## Consensus FY EPS / P/E

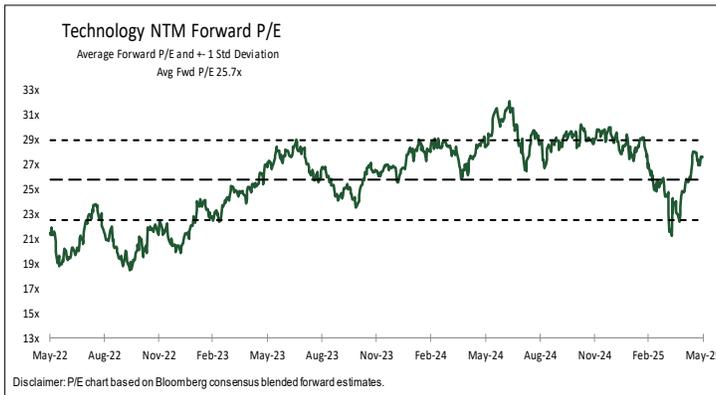
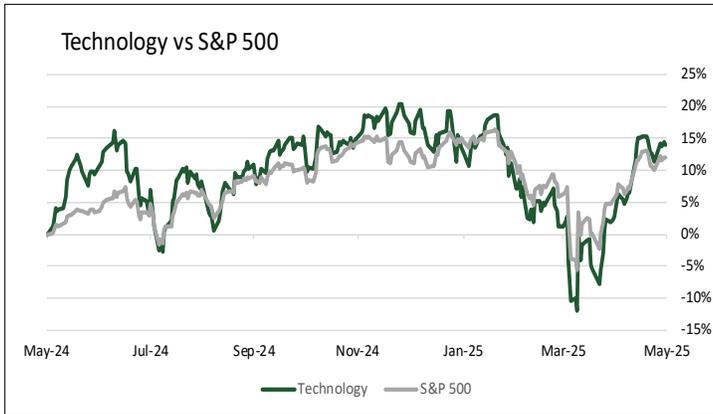
Last Year	Current Year	Next Year
\$46.65	\$47.87	\$54.80
25.9x	25.2x	22.0x

## Sector Update

The Industrials sector has outperformed the S&P 500 on a one month, 3 month, year-to-date, and trailing 12 month basis. In May, the Industrials sector reported an 8.63% gain compared to a 6.15% gain from the S&P 500. All twelve of the Industrials subsectors reported gains during the month, once again led by Construction & Engineering with a 17% gain. Several other subsectors reported double-digit gains during the month, including Airlines, Aerospace & Defense, Electrical Equipment, and Building Products.

Following 26 consecutive months of contraction, the Institute for Supply Management's Purchasing Managers Manufacturing Index (PMI) posted two consecutive months of expansion in January and February. In May, economic activity in the manufacturing sector contracted for the third month in a row. May's reading of 48.5% came in 0.2% lower compared to April's reading of 48.7%. The overall economy continued in expansion for the 61st month in a row after one month of contraction in April 2020. The New Orders Index remained in contraction territory for the fourth month in a row following a three-month period of expansion. The New Orders Index reading of 47.6% increased 0.4% compared to April's reading of 47.2%. Overall, demand and output have slowed during the month. The seven manufacturing industries that reported growth in May included Plastics & Rubber Products, Nonmetallic Mineral Products, Petroleum & Coal Products, Furniture & Related Products, Electrical Equipment, Appliances & Components, Fabricated Metal Products, and Machinery. Meanwhile, the seven industries reporting contraction in May included Paper Products, Wood Products, Printing & Related Support Activities, Food, Beverage & Tobacco Products, Transportation Equipment, Chemical Products, and Primary Metals. The Industrials Sector is trading at a forward P/E ratio of 25.2x FY2025 earnings, exceeding its three-year average of approximately 19.7x.

# INFORMATION TECHNOLOGY



Source : Bloomberg

## Sector Performance

1 Month	3 Months	YTD	TTM
10.79%	1.26%	-1.85%	13.90%

## S&P 500 Performance

1 Month	3 Months	YTD	TTM
6.15%	-0.73%	0.51%	12.02%

## Company Performance

Leaders	Company	1 Month
	Seagate Technology	29.6%
	Microchip Technology	26.0%
	Broadcom Inc	25.8%
	First Solar Inc	25.6%
	Super Micro Computer	25.6%
	Fair Isaac Corp	-13.2%
	Enphase Energy Inc	-7.2%
	Akamai Technologies	-5.8%
	Motorola Solutions Inc	-5.7%
	Apple Inc	-5.5%

## Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$134.54	\$157.36	\$181.62
33.6x	28.8x	24.9x

## Sector Update

The Technology sector outperformed the market in May driven by the performance of the Semiconductors & Semiconductor Equipment, Software, and Electronic Equipment, Instruments & Components subsectors.

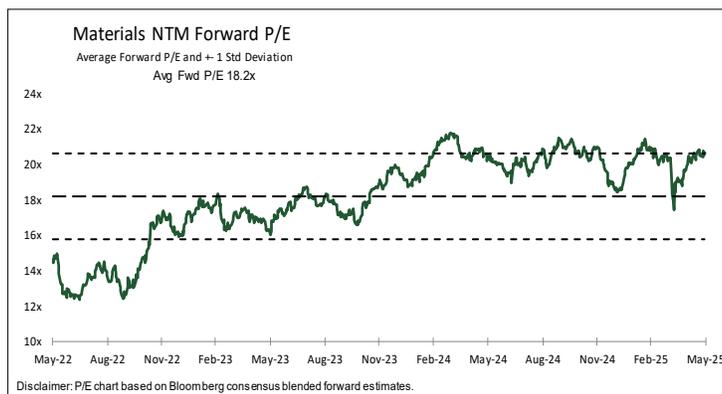
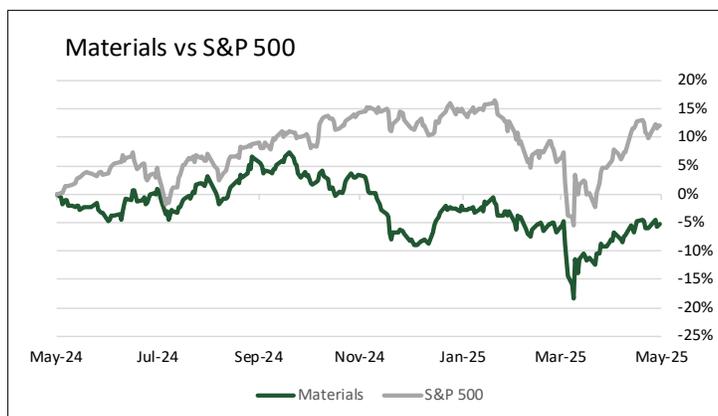
Leading AI semiconductor companies reported a significant increase in demand for AI computing systems driven by new AI reasoning models and inference demand. New reasoning models perform multiple iterations, which require far more computing resources than prior gen AI models. AI agents consume significant compute resources as they interact with other AI agents to perform complex tasks and workflows. Given that large enterprises and governments appear to be in the early stages of deploying AI agents, potential demand for AI compute resources and AI chips could remain robust over the next few years.

The Department of Commerce's rescission of the AI Diffusion rule, which would have restricted the sale of AI chips to most countries, contributed to the rebound in the share prices of leading AI semiconductor manufacturers. Soon after the AI Diffusion rule was rescinded, leading AI chip makers announced significant contracts with Saudi Arabia, the United Arab Emirates, and other sovereign governments.

While software companies reported robust enterprise demand for their AI applications and AI agents, many do not expect to obtain a material revenue contribution from AI agents until next year. Software company revenue growth could accelerate next year as an increasing number of customers deploy AI agents. Investors could become more enthusiastic about software companies if they generate a material level of revenue from AI agents.

The Technology sector appears close to fairly valued, with a P/E of 28.8x and 24.9x the consensus analyst FY25/FY26 EPS estimates, compared to 15% earnings growth, and its average forward P/E of 25.7x.

# MATERIALS



Source : Bloomberg

## Sector Performance

1 Month	3 Months	YTD	TTM
2.80%	-2.33%	2.81%	-5.32%

## S&P 500 Performance

1 Month	3 Months	YTD	TTM
6.15%	-0.73%	0.51%	12.02%

## Company Performance 1 Month

Leaders	Company	1 Month
	Mosaic Co/The	18.9%
	CF Industries Holdings	15.7%
	Corteva Inc	14.2%
	Freeport-McMoRan Inc	6.8%
	Ecolab Inc	5.6%
Laggards	Dow Inc	-9.3%
Nucor Corp	-8.4%	
Steel Dynamics Inc	-5.1%	
Albemarle Corp	-4.8%	
LyondellBasell	-3.0%	

## Consensus FY EPS / P/E

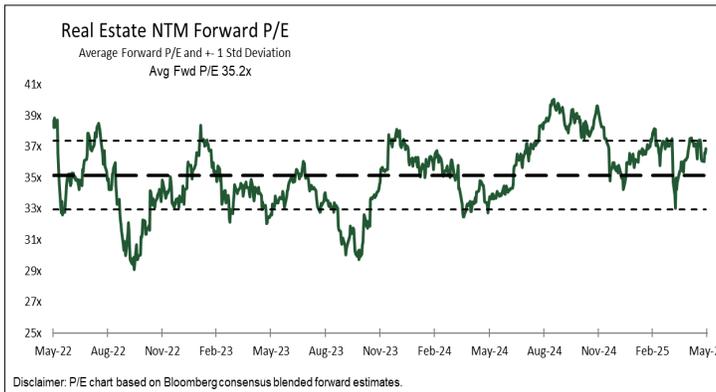
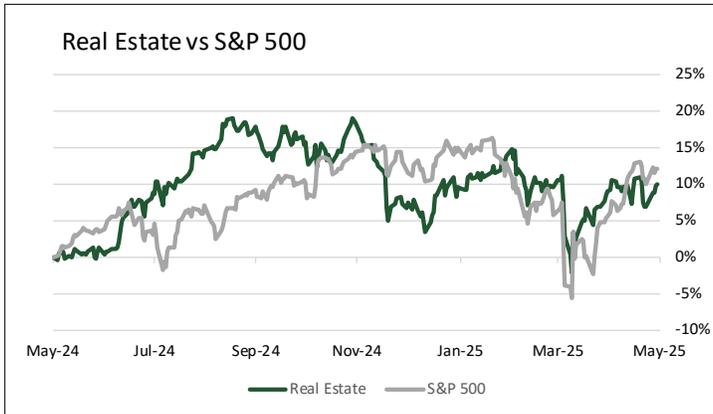
Last Year	Current Year	Next Year
\$23.99	\$24.80	\$28.73
22.7x	22.0x	19.0x

## Sector Update

The Materials sector increased 2.80% in May and underperformed the 6.15% increase for the S&P 500 Index. YTD, the Materials sector increased 2.81% and outperformed the S&P 500 Index that rose 0.51%. The Materials segment trades with an average forward P/E of about 22x vs its historical valuation range of 18.2x. All segments reported gains with the most modest gains from the Metals & Mining segment following the strong outperformance in April that was reflecting investor interest in safe-haven options. The macro environment remains uncertain given ongoing news about tariffs, fluctuating costs and uncertain consumer behavior. Some customers shifted purchase patterns to increase buying and inventories of key ingredients ahead of potential price increases due to tariffs. Weakening consumer sentiment remains a likely headwind for the housing market in 2H. Home values are projected to fall by 1.4% in 2025 as forecast by Zillow reflecting rising inventory partially due to weaker sales this spring. The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index reported a 3.4% increase in March that slowed sequentially from a 4% gain. Overall, housing inventory levels remain below average, but there are some markets reporting an increase in housing inventory given softening demand. Both rate cuts by the Fed and a decline in home prices may be needed to deliver more affordable homes for potential buyers.

It is expected that companies will likely raise prices in 2H to pass through the higher tariff cost impact. Results for 2H remain subject to the potential resolution and timing of tariffs, global trade, pricing and customer and end market demand. Lithium company estimates suggest that worldwide lithium demand should double from 2024 to 2030 driven primarily by growth for grid storage and EV demand. The Federal Permitting Improvement Steering Council recently announced federal permitting of two Department of Energy lithium domestic processing projects. The projects are Kings Mountain and Liberty Owl. Once completed, these projects should help to develop more secure domestic supply chains. Lithium remains a key component in many energy storage and defense applications. More importantly, lithium supply is expected to remain in balance given the announced curtailment of several expansion projects. It is estimated that about 40% of global lithium production is at or less than breakeven operating metrics. More rational lithium production/supply should support a more balanced supply/demand dynamic and improved pricing as the year progresses.

# REAL ESTATE



Source : Bloomberg

## Sector Performance

1 Month	3 Months	YTD	TTM
0.85%	-2.91%	2.21%	9.90%

## S&P 500 Performance

1 Month	3 Months	YTD	TTM
6.15%	-0.73%	0.51%	12.02%

## Company Performance

	1 Month
<b>Leaders</b>	
Iron Mountain Inc	10.1%
Host Hotels & Resorts	9.7%
Digital Realty Trust Inc	6.8%
Kimco Realty Corp	6.4%
Prologis Inc	6.3%
<b>Laggards</b>	
Ventas Inc	-8.3%
Crown Castle Inc	-5.1%
American Tower Corp	-4.8%
SBA Communications	-4.7%
Alexandria Real Estate	-3.4%

## Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$13.08	\$13.04	\$14.10
20.0x	20.1x	18.6x

## Sector Update

After a very challenging period for equity markets arose in April as the President initiated new tariff efforts, markets achieved a sharp recovery in May. In mid-May an agreement with China was made to reduce tariff rates from 145% to 30% during a 90-day negotiation process that spurred a fast paced rebound for equities. The Real Estate sector had started this year on solid footing and did not experience selling pressures to the same extent as other S&P sectors in April (notably the Tech sector). Thus, the rebound experienced in May that saw the S&P 500 advance sharply by 6.15% was not surprisingly concentrated in sectors that had been pressured earlier in the year - Technology, Communication Services, Consumer Discretionary and Industrials. In contrast, as illustrated in the adjacent graphic, for the month of May, Real Estate advanced 0.85% - while on a year to date basis, the sector is up 2.21% that outpaces the overall S&P 500 that is up 0.51%.

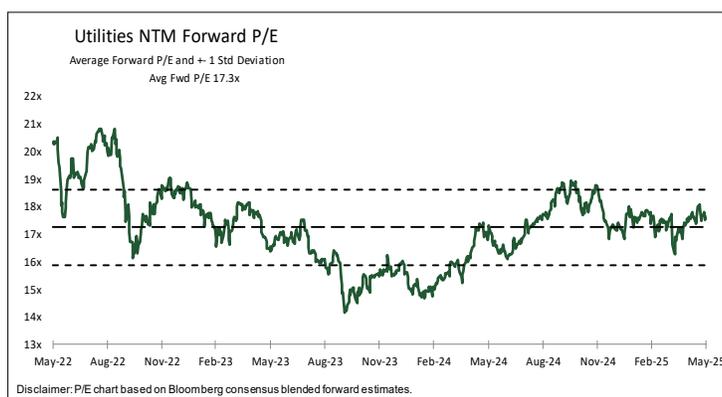
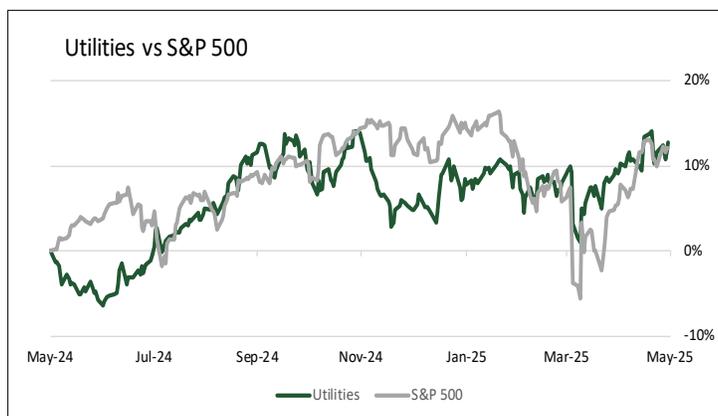
Beyond the rebound experienced by prior hard pressed S&P sectors, we also note that interest rates have been on the rise this spring - with the yield on the Benchmark 10-year Treasury moving from 4.17% on April 30 to 4.46% on June 2nd. Given Real Estate's status as an interest rate proxy sector, we are not surprised to see this as another factor driving relative underperformance as interest rates have trended higher. Still, as 1Q2025 earnings season has wrapped up, many companies broadly across the Real Estate sector delivered solid FFO along with modest increases on the outlook for 2025.

Among issues outperforming in May were two firms that participate in the digital/data center aspect of real estate - Iron Mountain and Digital Realty - where hyperscale centers continue to see strong growth in demand. That is, after lagging through much of the 1Q2025 as concerns over the rollout of DeepSeek AI solutions from China created uncertainty, 1Q2025 results were strong with concerns abating. Other firms that exceeded street forecasts included Host Hotels that saw 7% RevPAR growth and Kimco that sited healthy leasing activity at its shopping centers.

In contrast, laggards during the month also reported solid 1Q2025 FFO, but may have fallen a bit short of investor expectations. Ventas delivered upside FFO, but some noted a dip in occupancy at senior living facilities along with some deceleration of NOI growth rate that likely combined to pressure the shares. And, cell tower firms Crown Castle, American Tower, and SBA Communications lagged despite delivering on FFO with leasing momentum improving.

We continue to view future returns for the Real Estate sector to remain closely tied to interest rates and growth prospects for the U.S. economy. Ultimately, the Federal Reserve is widely anticipated to move the funds rate lower, while potential tariffs are viewed as a one-time tax that likely does not recur suggesting the outlook may improve over the intermediate term that would be supportive of bond proxy investments including Real Estate. As such, we remain constructive on the intermediate term return potential for the sector, acknowledging that volatility could likely persist near term.

# UTILITIES



Source : Bloomberg

## Sector Performance

1 Month	3 Months	YTD	TTM
3.36%	2.98%	7.67%	12.79%

## S&P 500 Performance

1 Month	3 Months	YTD	TTM
6.15%	-0.73%	0.51%	12.02%

## Company Performance 1 Month

Leaders	Company	1 Month
	NRG Energy Inc	42.3%
	Constellation Energy	37.0%
	Vistra Corp	23.9%
	Eversource Energy	9.0%
	Sempra	5.8%
Laggards	Consolidated Edison Inc	-7.3%
	Exelon Corp	-6.6%
	PPL Corp	-4.8%
	CMS Energy Corp	-4.6%
	American Electric	-4.5%

## Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$21.72	\$22.34	\$24.50
19.1x	18.6x	16.9x

## Sector Update

The Utilities sector gained 3.4% in May, lagging the 6.2% rebound in the S&P 500® index in the same period. The sector appeared to benefit from reduced and suspended tariff policies in the month, offset by some broader risk-on tilt in equities and higher interest rates across maturities in the bond market. Although diminished from the prior month, potential tariff risks include higher material costs and weakening power demand if economic growth is impacted later this year. Ongoing discussions of budget deficits and the related back-up in longer-term bond yields could have a measurable impact on regulated Utilities that are large debt issuers. Still, Utilities have outperformed the broader market index by a wide margin on a year-to-date basis as a relative haven from heightened volatility. On a trailing twelve-month basis, the sector maintained about 80bps of outperformance relative to the broader market index.

The Independent and Renewable Power subsector, which includes just AES corp (AES) and Vistra (VST), was the leading subsector in May on a 20.7% gain. More traditional subsectors including Electric Utilities and Multi-Utilities performance was mixed with Electric up 4.2% and Mutli-Utilities flat in the month.

NRG Energy (NRG), Vistra Corp (VST) and Constellation Energy (CEG) were significant outperformers relative to Utilities peers as these names have been perceived by some investors as most closely related to AI infrastructure build-out, rebounding from weak performance in Q1 on a resurgence of AI and technology stocks.

Company reporting in late April and early May was generally better than expectations including very favorable weather compared to the prior year, while management outlooks remained optimistic on data infrastructure spending and grid modernization providing secular growth tailwinds into the end of the decade. Cooler than normal weather in May has the potential to drive unfavorable sequential comparisons in the current quarter.

The Utilities sector currently trades near its historical three-year average P/E multiple of 17.3x based earnings estimates in the next twelve months. Given the persistence of secular growth tailwinds around data center investment, grid hardening and manufacturing onshoring, the group appears reasonably valued and could be deserving of a premium valuation compared to historical trends. Paired with a defensive tilt against an uncertain macroeconomic backdrop, we would continue to overweight the sector relative to its 2.5% composition of the broader market index.

## ECONOMIC CALENDAR

<b>Date</b>	<b>Release</b>	<b>For</b>	<b>Prior</b>
2-Jun	S&P Global US Manufacturing PMI - Final	May	50.2
2-Jun	ISM Manufacturing Index	May	48.7%
2-Jun	Construction Spending	Apr	-0.80%
3-Jun	Factory Orders	Apr	3.4%
3-Jun	JOLTs Jobe Openings	Apr	7.200M
4-Jun	MBA Mortgage Applications Index	1/5	-1.20%
4-Jun	ADP Employment Change	May	60K
4-Jun	S&P Global US Services PMI - Final	May	50.8
4-Jun	ISM services	May	51.60%
4-Jun	EIA Crude Oil Inventories	5/31	-2.80M
4-Jun	Beige Book		NA
5-Jun	Initial Claims	5/31	239K
5-Jun	Continuing Claims	5/24	1907K
5-Jun	Trade Balance	Apr	-\$138.3B
5-Jun	Productivity-Rev.	Q1	-0.8%
5-Jun	Unit Labor Costs-Rev.	Q1	5.7%
5-Jun	EIA Natural Gas Inventories	5/31	+101 bcf
6-Jun	Nonfarm Payrolls	May	177K
6-Jun	Nonfarm Private Payrolls	May	167K
6-Jun	Avg. Hourly Earnings	May	0.20%
6-Jun	Average Workweek	May	34.3
6-Jun	Unemployment Rate	May	4.20%
6-Jun	Consumer Credit	Apr	\$10.2B
9-Jun	Wholesale Inventories	Apr	0.40%
11-Jun	MBA Mortgage Applications Index	6/7	-3.90%
11-Jun	Core CPI	May	0.20%
11-Jun	CPI	May	0.20%
11-Jun	EIA Crude Oil Inventories	6/7	-4.30M
11-Jun	Treasury Budget	May	\$258.4B
12-Jun	Continuing Claims	5/31	1904K
12-Jun	Core PPI	May	-0.40%
12-Jun	Initial Claims	6/7	247K
12-Jun	PPI	May	-0.50%
12-Jun	EIA Natural Gas Inventories	6/7	NA
13-Jun	Univ. of Michigan Consumer Sentiment - Prelim	Jun	52.2
16-Jun	Empire State Manufacturing	Jun	-9.2
17-Jun	Export Prices ex-ag.	May	0.10%
17-Jun	Import Prices ex-oil	May	0.40%
17-Jun	Retail Sales	May	0.10%
17-Jun	Retail Sales ex-auto	May	0.10%
17-Jun	Capacity Utilization	May	77.70%
17-Jun	Industrial Production	May	0.00%

## ECONOMIC CALENDAR

17-Jun	Business Inventories	Apr	0.10%
17-Jun	NAHB Housing Market Index	Jun	34
18-Jun	MBA Mortgage Applications Index	6/14	NA
18-Jun	Building Permits	May	1412K
18-Jun	Housing Starts	May	1361K
18-Jun	EIA Crude Oil Inventories	6/14	NA
18-Jun	FOMC Rate Decision	Jun	NA
18-Jun	Net Long-Term TIC Flows	Apr	NA
19-Jun	Continuing Claims	6/14	NA
19-Jun	Initial Claims	6/14	NA
19-Jun	EIA Natural Gas Inventories	6/14	NA
20-Jun	Philadelphia Fed Index	Jun	-4
20-Jun	Leading Indicators	May	-1.00%
23-Jun	Existing Home Sales	May	4.00M
24-Jun	Current Account Balance	Q1	NA
24-Jun	FHFA Housing Price Index	Apr	-0.10%
24-Jun	S&P Case Shiller Home Price Index	Apr	4.10%
24-Jun	Consumer Confidence	Jun	98
25-Jun	MBA Mortgage Applications Index	6/21	NA
25-Jun	New Home Sales	May	743K
25-Jun	EIA Crude Oil Inventories	6/21	NA
26-Jun	Adv. Intl. Trade in Goods	May	-\$87.6B
26-Jun	Adv. Retail Inventories	May	-0.10%
26-Jun	Adv. Wholesale Inventories	May	0.00%
26-Jun	Continuing Claims	6/21	NA
26-Jun	Durable goods -ex transportation	May	0.20%
26-Jun	Durable Orders	May	-6.30%
26-Jun	GDP - Third Estimate	Q1	-0.20%
26-Jun	GDP Deflator - Third Estimate	Q1	3.70%
26-Jun	Initial Claims	6/21	NA
26-Jun	Pending Home Sales	May	-6.30%
26-Jun	EIA Natural Gas Inventories	6/21	NA
27-Jun	PCE Prices	May	0.10%
27-Jun	PCE Prices - Core	May	0.10%
27-Jun	Personal Income	May	0.80%
27-Jun	Personal Spending	May	0.20%
27-Jun	Univ. of Michigan Consumer Sentiment - Final	Jun	52.2
30-Jun	Chicago PMI	Jun	40.5

# DISCLOSURES

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## **Past performance is not indicative of future results.**

An index is not available for direct investment; therefore, its performance does not reflect the expenses, fees and taxes generally paid with the active management of an actual portfolio.

Sectors and sector components defined by Standard & Poor's GICS Level 1 index. For the list of all holdings in GICS Level 1 index sectors, contact your Davenport Financial Advisor.

**Leaders:** Represent top five best stock price performance in the most recent calendar month within their respective GICS Level 1 Sector

**Laggards:** Represent top five worst stock price performance in the most recent calendar month within their respective GICS Level 1 Sector

**Members:** The GICS Level 1 Telecommunication Services sector has only three component companies. This sector will not include "Leaders and Laggards", but will show all three members and their price performance over the previous calendar month.

**S&P 500®:** The S&P 500 Index is comprised of 500 U. S. stocks and is an indicator of the performance of the overall U.S. stock market. Standard & Poor's Financial Services LLC, a division of S&P Global, is the source and owner of the registered trademarks related to the S&P 500 Index.

**Dow Jones Industrials:** The Dow Jones Industrial Average is an index of 30 "blue chip" stocks of U.S. "industrial" companies.

**NASDAQ Composite:** The Nasdaq-100 Index is a "modified capitalization-weighted" index designed to track the performance of a market consisting of the 100 largest and most actively traded non-financial domestic and international securities listed on The Nasdaq Stock Market, based on market capitalization.

**Russell 2000®:** The Russell 2000® Index is a capitalization-weighted index designed to measure the performance of a market consisting of the 2,000 smallest publicly traded U.S. companies (in terms of market capitalization) that are included in the Russell 3000® Index. Source: London Stock Exchange Group PLC and its group undertakings (collectively, the "LSE Group"). © LSE Group 2024. FTSE Russell is a trading name of certain LSE Group companies. "Russell®" is a trade mark of the relevant LSE Group companies and is used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote/sponsor/endorse the content of this communication.

**FTSE 100:** The FTSE 100 is an index of the leading shares on the London Stock Exchange. Shanghai Composite: The SSE Composite Index is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

**Nikkei Stock Average:** Nikkei is short for Japan's Nikkei 225 Stock Average, the leading and most-respected index of Japanese stocks. It is a price-weighted index comprised of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange. The Nikkei is equivalent to the Dow Jones Industrial Average Index in the United States.

**Stoxx Europe 600:** 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, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

**MSCI Emerging Markets:** The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. (MSCI Website).

**MSCI Emerging Markets Small Cap:** The MSCI Emerging Markets Small Cap Index includes small cap representation across 23 Emerging Markets countries. With 1,889 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country. The small cap segment tends to capture more local economic and sector characteristics relative to larger Emerging Markets capitalization segments.

**US Dollar Index (USDXY, DXY):** An index (or measure) of the value of the United States dollar relative to a basket of currencies, often referred to as a basket of US trade partners' currencies.

**VIX:** The ticker symbol for the Chicago Board Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options.

**Shanghai Composite (SSE Index):** The Shanghai Composite Index, also known as the SSE Index is a stock market index of all stock (A shares and B shares) that are traded at the Shanghai Stock Exchange.

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