

# Highland ReCAP

*A Review of Capital Markets*

## June 2025

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### Summary

Both stocks and bonds rallied in June, shrugging off geopolitical tensions and modest economic data. Emerging markets led the way, buoyed by continued dollar weakening, trailed closely by U.S. equities. Duration provided a tailwind for the month as rates fell across the yield curve and credit spreads held their levels.

### Equities

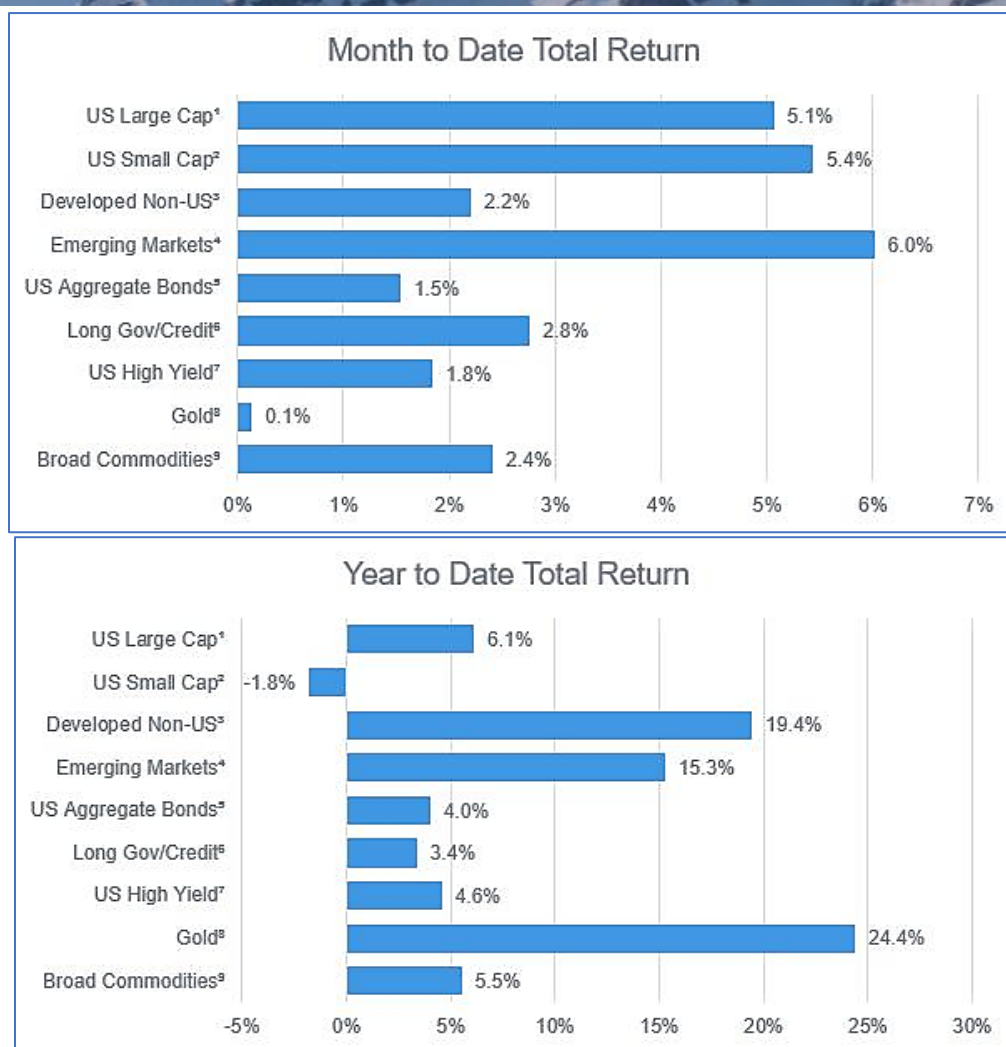
U.S. stocks rose in June, pushing further into the green for 2025. Non-U.S. equity markets put a cap on their best first half returns in nearly a decade. Emerging markets were the top performer, netting investors a return of over 6% in June. U.S. stocks were higher across the board, led by small caps. Developed non-U.S. markets, while lagging equity peers, still provided a return north of 2%, pushing year-to-date gains close to 20%.

### Fixed Income

Treasury rates fell in June, as bond investors returned to buying U.S. government debt after April's tariff-induced exodus. While markets express nervousness about the U.S. budget and the impact of pending tax cuts on the deficit, buying pressure pushed the 10-year yield below 4.25% by month-end. Corporate bond spreads traded rangebound and finished little changed as credit risk remained of little concern to fixed income investors in June. Inflation prints were benign, boosting the market's hope for rate cuts in the second half of the year.

# Market Trends

As of June 30, 2025



	1M	3M	YTD	1Y	3Y	5Y	10Y
US Large Cap <sup>1</sup>	5.1%	11.1%	6.1%	15.7%	19.6%	16.3%	13.4%
US Small Cap <sup>2</sup>	5.4%	8.5%	-1.8%	7.7%	10.0%	10.0%	7.1%
Developed non-US <sup>3</sup>	2.2%	11.8%	19.4%	17.7%	16.0%	11.2%	6.5%
Emerging Markets <sup>4</sup>	6.0%	12.0%	15.3%	15.3%	9.7%	6.8%	4.8%
US Aggregate Bonds <sup>5</sup>	1.5%	1.2%	4.0%	6.1%	2.5%	-0.7%	1.8%
Long Gov/Credit <sup>6</sup>	2.8%	-0.2%	3.4%	3.3%	-0.3%	-4.9%	1.8%
US High Yield <sup>7</sup>	1.8%	3.5%	4.6%	10.3%	9.9%	6.0%	5.4%
Gold <sup>8</sup>	0.1%	5.2%	24.4%	39.8%	21.4%	11.8%	9.9%
Broad Commodities <sup>9</sup>	2.4%	-3.1%	5.5%	5.8%	0.1%	12.7%	2.0%

1 – Russell 1000, 2 – Russell 2000, 3 – MSCI EAFE, 4 – MSCI Emerging Markets, 5 – Bloomberg US Agg, 6 – Bloomberg US Long Gov/Credit  
7 – Bloomberg US Corporate High Yield, 8 – Bloomberg Gold Subindex, 9 – Bloomberg Commodity

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# Disclosure Statements

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