



**Highland**

CONSULTING ASSOCIATES, INC.  
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# Highland ReCAP

*A Review of Capital Markets*

## August 2025

### Summary

Through the final days of summer, it was smooth sailing as markets cruised ahead. Major asset classes posted strong positive gains into the Labor Day holiday. Small caps shined, and non-U.S. stocks pushed past 20% year-to-date returns by August's close. Blue chip U.S. equities stumbled late in the month, but still managed respectable gains, while bonds also finished positive for August.

### Equities

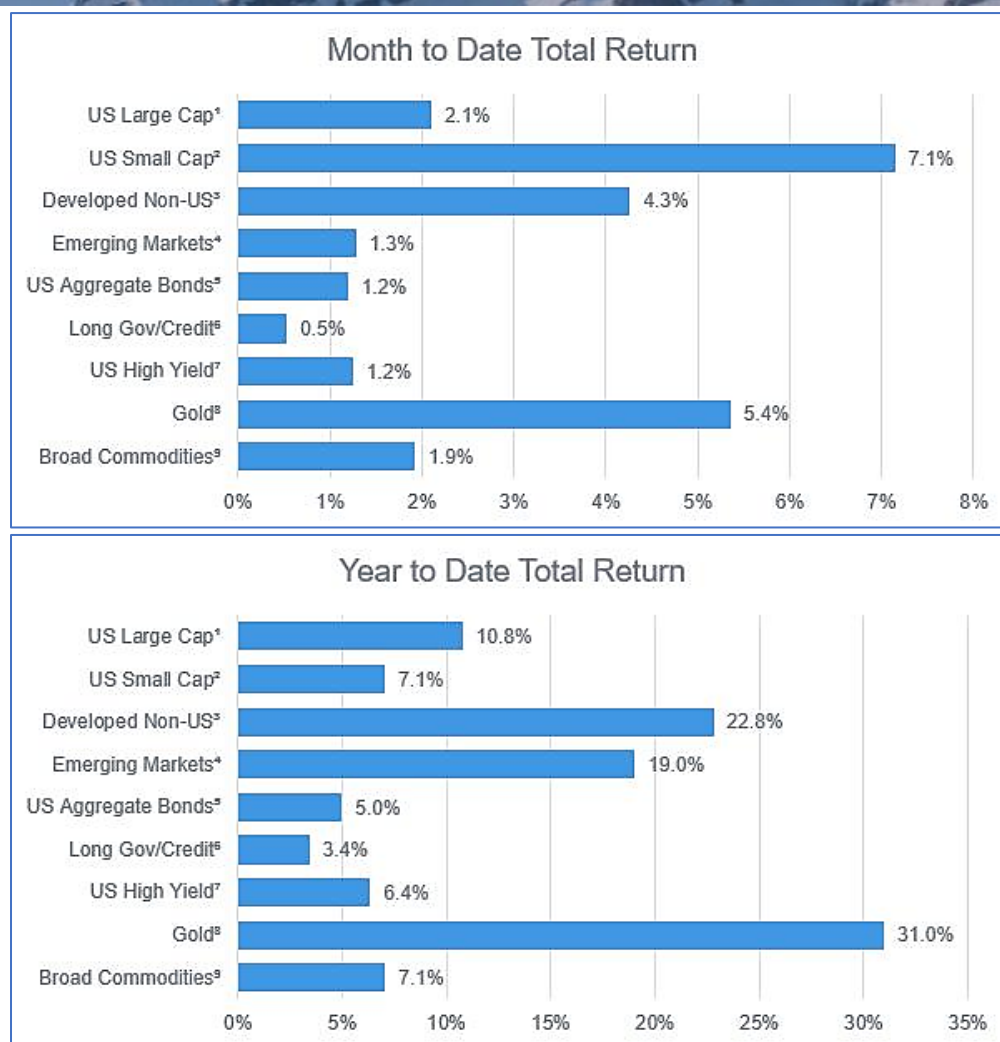
With "Back to School" season in full swing, small caps win the award for best "What I Did Over Summer Vacation" essay. Leading the way in August with a return north of 7%, the Russell 2000 Index has now posted a 15% recovery during the last three months. Developed non-US markets continued to cook, adding to 2025's outsized gains with a 4% monthly return, while emerging markets lagged with still a solid 1.3% increase in August. It wasn't all sunshine, as U.S. equities erased some gains late in the month on broad growth concerns, and fear of stagnation in the AI boom that has been the story of 2025 for mega cap stocks.

### Fixed Income

Bonds plodded along through August as interest rates shifted lower for the month. The U.S. 10-year Treasury yield declined by 7 basis points for the month, boosting returns for fixed income, while credit markets remained sanguine in the face of tight spreads. High yield bonds narrowly edged investment grade bonds in August and continue to lead the way for the calendar year.

# Market Trends

As of August 31, 2025



	1M	3M	YTD	1Y	3Y	5Y	10Y
US Large Cap <sup>1</sup>	2.1%	9.7%	10.8%	16.2%	19.3%	14.3%	14.3%
US Small Cap <sup>2</sup>	7.1%	14.9%	7.1%	8.2%	10.3%	10.1%	8.9%
Developed Non-US <sup>3</sup>	4.3%	5.1%	22.8%	13.9%	17.0%	10.2%	7.4%
Emerging Markets <sup>4</sup>	1.3%	9.5%	19.0%	16.8%	10.8%	5.2%	6.9%
US Aggregate Bonds <sup>5</sup>	1.2%	2.5%	5.0%	3.1%	3.0%	-0.7%	1.8%
Long Gov/Credit <sup>6</sup>	0.5%	2.8%	3.4%	-2.0%	0.0%	-5.2%	1.7%
US High Yield <sup>7</sup>	1.2%	3.6%	6.4%	8.3%	9.3%	5.2%	5.8%
Gold <sup>8</sup>	5.4%	5.4%	31.0%	37.7%	25.8%	11.2%	10.9%
Broad Commodities <sup>9</sup>	1.9%	3.9%	7.1%	11.8%	-0.8%	10.3%	3.4%

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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