

Weekly Mosaic – 2Q Earnings Season

Week of July 14th, 2025

98.6

NFIB Small Business Index

The NFIB Small Business Index came in slightly lighter than May's reading of 98.8. Encouragingly, the Uncertainty component of the index fell to 89 from 94, marking a six-month low.

1,965K

Continuing Jobless Claims, Seasonally Adjusted

As initial jobless claims have been moderating from their year-to-date high of 250K, continuing claims continue to rise. This dynamic is a sign of a stagnating labor market, characterized by low-level hiring and firing.

+\$5.1B

Consumer Credit, Seasonally Adjusted

While still expanding, Consumer Credit missed expectations of an increase of \$11.3B in May and came in below April's elevated reading of +\$16.9B.

Top of Mind

Second quarter earnings season is set to kick off with the nation's largest banks on the docket for this week.

The proverbial bar has been lowered for 2Q as many companies pulled their forward guidance when reporting first quarter results in response to increased trade policy uncertainty from Liberation Day.

The lack of forward guidance likely contributed to the 4.2% drop in consensus 2Q earnings estimates over the last three months, marking a near 6.5% decline from where estimates stood at the start of the year.

Declining earnings estimates aren't atypical, as consensus usually starts at a high level and then begins to lower estimates. However, the magnitude of the decline is worth noting as the average decline in quarterly earnings estimates over the past five years has been 3.0%.

The combination of falling earnings estimates and stocks continuing to establish new all-time highs has stretched valuations. The market-cap-weighted S&P 500 is back above 22x forward earnings estimates, a premium to its 20-year average of 16x forward earnings.

Index Returns

As of 7/11/2025 (%)	1-Week	QTD	YTD	1-Year	3-Year
S&P 500 TR	-0.29	0.92	7.18	13.59	19.34
Russell Mid Cap TR	-0.54	1.34	6.25	14.68	14.22
Russell 2000 TR	-0.62	2.78	0.94	6.61	10.48
MSCI EAFE NR	-0.23	-0.22	19.18	13.14	16.23
MSCI EM NR	-0.16	0.69	16.07	11.75	10.58
Bloomberg US Agg Bond TR	-0.37	-0.81	3.18	3.86	2.20
Bloomberg Intermediate Corporate Bond TR	-0.23	-0.45	3.98	6.11	4.85
Bloomberg High Yield Corporate TR	-0.22	-0.02	4.55	9.28	9.32
Bloomberg Commodities TR	0.52	1.90	7.54	7.82	0.93

Price Levels

	7/11/2025	1 Mo	3 Mo	6 Mo	1-Year
US Dollar Index	97.85	98.63	100.10	109.65	104.44
10 Year Treasury Yield	4.42	4.42	4.47	4.77	4.20
West Texas Crude (WTI) \$/bbl	68.43	68.91	61.91	77.27	83.92



Current Positioning

Cautiously optimistic while intentionally avoiding some of the most expensive areas of the equity and credit markets.

	Min		Neutral		Max	
EQUITIES						Guarding against elevated levels of complacency and stretched valuations.
U.S. Equity						Relative advantages remain attractive; however, valuations have become less attractive. Our longstanding overweight to US equities relative to international equities remains.
Large						The balance sheet strength of many large cap companies remains attractive. However, their valuations are among the richest relative to other segments of US and international equities.
Mid						Absolute and relative valuations combined with a higher percentage of domestically driven supply chains and sales, combine to position mid-cap stocks attractive.
Small						Valuations continue to remain attractive against large caps and stand to benefit from less onerous regulations. Within small caps, we are focused on quality companies able to navigate an elevated interest rate environment.
Value						Overweight Energy and Financials while avoiding the cheapest valued companies, leading us away from deep value sectors and industries.
Growth						Driven by an underweight to Consumer Discretionary and Communication Services, neutral weight Technology.
International						International equity valuations are attractive and central banks around the world have largely shifted toward easing monetary policy.
Developed Markets						Overweight Japanese and Eurozone equities relative to benchmark.
Emerging Markets						Attractive valuations, global monetary easing, and stimulative measures in China, position emerging Asian equities to potentially benefit from multiple tailwinds.

FIXED INCOME						We believe opportunities within fixed income markets are attractive over the mid- to long-term time periods while recognizing volatility could persist over the short-term.
Duration						Slightly underweight duration as uncertainty around growth and inflation persist.
Treasury						Neutral US Treasuries, favor the securitized sector.
Corporate						Prefer short-term and intermediate-term investment grade corporate credit relative to long-term. High-quality bias remains with little value offered in the form of spreads across the high yield universe.
MBS/Securitized						Attractive relative yield, adequate spreads, and strong implied credit quality position the asset class attractively, specifically residential mortgages.

ALTERNATIVES						
Commodities						A growing possibility of a quieter geopolitical sphere and a lack of geopolitical risk premium in energy-based commodities combine for a challenging environment moving forward.

CASH						Excess cash position is being driven by our active underweight to international equities.
-------------	--	--	--	--	--	---

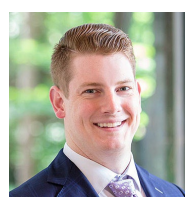
Mosaic by Madison Investments

Mosaic by Madison Investments represents Madison's global multi-asset product suite spanning the risk spectrum with a series of distinct portfolios across ETF/Mutual Fund and ETF mandates. Madison's Multi-Asset Solutions team has deep experience monitoring worldwide macroeconomic trends and their associated investment implications. Risk management and a commitment to consistency are key components of our philosophy and process. We believe that efficient asset allocation and downside volatility mitigation should lead to increased long-term client investment success.

Multi-Asset Solutions Team



Patrick Ryan, CFA
Chief Investment Strategist, Head of Multi-Asset Solutions, Portfolio Manager



Stuart Dybdahl, CFA, CAIA
Portfolio Manager, Analyst



Disclosures

"Madison" and/or "Madison Investments" is the unifying tradename of Madison Investment Holdings, Inc., Madison Asset Management, LLC ("MAM"), and Madison Investment Advisors, LLC ("MIA"). MAM and MIA are registered as investment advisers with the U.S. Securities and Exchange Commission. Madison Funds are distributed by MFD Distributor, LLC. MFD Distributor, LLC is registered with the U.S. Securities and Exchange Commission as a broker-dealer and is a member firm of the Financial Industry Regulatory Authority. The home office for each firm listed above is 550 Science Drive, Madison, WI 53711. Madison's toll-free number is 800- 767-0300.

Any performance data shown represents past performance. Past performance is no guarantee of future results.

Non-deposit investment products are not federally insured, involve investment risk, may lose value and are not obligations of, or guaranteed by, any financial institution. Investment returns and principal value will fluctuate.

This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security and is not investment advice.

While Madison constructs portfolios for various risk tolerances, its Multi-Asset Solutions Team does not determine individual client's risk tolerance or investment objectives.

Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only, and do not represent the performance of any specific investment. Index returns do not include any expenses, fees or sales charges, which would lower performance.

The S&P 500® Index is a large-cap market index which measures the performance of a representative sample of 500 leading companies in leading industries in the U.S.

The Russell Midcap® Index measures the performance of the mid-cap segment of the U.S. equity universe.

The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index, which represents approximately 11% of the total market capitalization of the Russell 3000® Index.

Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Russell Investment Group.

The MSCI EAFE (Europe, Australasia & Far East) Index is a free-float adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. and Canada.

The MSCI Emerging Markets Index captures large and mid cap representation across 24 Emerging Markets (EM) countries. With 1,138 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each

The Bloomberg U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage backed securities, asset-backed securities and corporate securities, with maturities greater than one year.

The Bloomberg Commodity Total Return Index (BCOM) is composed of futures contracts and reflects the returns on a fully collateralized investment in the BCOM. This combines the returns of the BCOM with the returns on cash collateral invested in 13 week (3 Month) U.S. Treasury Bills.

The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle

rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

The Bloomberg US Intermediate Corporate Bond Index measures performance of United States dollar-denominated investment grade, fixed-rate, taxable corporate bond securities with maturities greater than or equal to one year, but less than ten years, that are issued by U.S and non-U.S. industrial, utility and financial issuers.

Although the information in this report has been obtained from sources that the firm believes to be reliable, we do not guarantee its accuracy, and any such information may be incomplete or condensed. All opinions included in this report constitute the firm's judgment as of the date of this report and are subject to change without notice.

All investing involves risks including the possible loss of principal. There can be no assurance the asset allocation portfolios will achieve their investment objectives. The portfolios may invest in equities which are subject to market volatility. In addition to the general risk of investing, the portfolio is subject to additional risks including investing in bond and debt securities, which includes credit risk, prepayment risk and interest rate risk. When interest rates rise, bond prices generally fall. Securities rated below investment grade are more sensitive to economic, political and adverse development changes.

Equity risk is the risk that securities held by the fund will fluctuate in value due to general market or economic conditions, perceptions regarding the industries in which the issuers of securities held by the fund participate, and the particular circumstances and performance of particular companies whose securities the fund holds. In addition, while broad market measures of common stocks have historically generated higher average returns than fixed income securities, common stocks have also experienced significantly more volatility in those returns.

Commodity values can be very volatile. They can be impacted by world or local events, government regulations and economic conditions. Investments in commodities can lose value.

Each portfolio is subject to the risks and expenses of the underlying funds in direct proportion to the allocation of assets among the underlying funds.

Upon request, Madison may furnish to the client or institution a list of all security recommendations made within the past year.

The National Federation of Independent Business (NFIB) Small Business Optimism Index is a combination of ten seasonally adjusted components. It provides an indication of the health of small businesses in the United States.

Bond Spread is the difference between yields on differing debt instruments of varying maturities, credit ratings, and risk, calculated by deducting the yield of one instrument from another.

