

# Weekly Mosaic – One Big Beautiful Bill

Week of July 7<sup>th</sup>, 2025

## 4.1%

Unemployment  
Rate

The Unemployment Rate came in below consensus expectations of 4.3% as well as May's 4.2% reading, remaining well inside its range of 4.0% to 4.3% over the last year.

## 147.0K

Nonfarm Payrolls,  
Seasonally Adjusted

Despite the negative ADP employment survey setting up for a possible disappointment, the establishment employment report handily beat expectations of +120K. In addition, the April and May reports were revised higher.

## 51.3

ISM Services, New  
Orders

ISM Services New Orders improved from May's dismal showing of 46.4, helping send the overall ISM Services PMI back over 50 to 50.8 from May's 49.9 reading.

### Top of Mind

On Friday, President Trump signed the One Big Beautiful Bill (OBBB), which combines changes to tax and spending policy and provides an incremental positive for the economy, counterbalancing the uncertainty surrounding trade policy.

One of the most impactful elements of the OBBB relates to how companies can depreciate capital expenditures (capex). The bill allows for the immediate depreciation of 100% for certain assets in the same year they were purchased, rather than being expensed over multiple years.

This will likely trigger an accelerated capex cycle, benefiting both the economy and corporate earnings while lowering the effective corporate tax rate. However, it may also create inflationary pressure that keeps long-term interest rates elevated, regardless of any adjustments to the policy rate.

While fiscal policy has become more supportive, the lingering trade policy uncertainty will likely limit the full impact of the incentives in the OBBB as the 90-day pause on reciprocal tariffs expires this Tuesday.

### Index Returns

As of 7/3/2025 (%)	1-Week	QTD	YTD	1-Year	3-Year
S&P 500 TR	2.29	1.22	7.50	14.95	19.77
Russell Mid Cap TR	2.56	1.89	6.82	17.77	14.50
Russell 2000 TR	3.61	3.41	1.57	11.95	10.81
MSCI EAFE NR (7/4/2025)	0.05	0.01	19.46	15.08	15.88
MSCI EM NR (7/4/2025)	0.41	0.85	16.25	14.16	10.26
Bloomberg US Agg Bond TR	-0.31	-0.44	3.56	5.33	2.19
Bloomberg Intermediate Corporate Bond TR	-0.03	-0.22	4.22	7.17	4.88
Bloomberg High Yield Corporate TR	0.53	0.21	4.78	10.48	9.94
Bloomberg Commodities TR	0.91	1.38	6.98	5.90	0.56

### Price Levels

	7/3/2025	1 Mo	3 Mo	6 Mo	1-Year
US Dollar Index	97.18	99.23	103.02	108.95	105.40
10 Year Treasury Yield	4.35	4.46	4.01	4.60	4.36
West Texas Crude (WTI) \$/bbl	66.94	64.10	62.42	74.64	85.19



# Current Positioning

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

	Min		Neutral		Max	
<b>EQUITIES</b>						Guarding against elevated levels of complacency and stretched valuations.
<b>U.S. Equity</b>						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.
<b>International</b>						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.

<b>FIXED INCOME</b>						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.

<b>ALTERNATIVES</b>						
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.

<b>CASH</b>						Excess cash position is being driven by our active underweight to international equities.
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## 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



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Portfolio Manager, Analyst



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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.

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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.

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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 ISM Services PMI® is a composite index based on the diffusion indexes for four of the indicators with equal weights: Business Activity (seasonally adjusted), New Orders (seasonally adjusted), Employment (seasonally adjusted) and Supplier Deliveries. An index reading above 50 percent indicates that the services economy is generally expanding; below 50 percent indicates that it is generally declining. Supplier Deliveries is an exception. A Supplier Deliveries Index above 50 percent indicates slower deliveries and below 50 percent indicates faster deliveries.

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.

