Q3'2025 Market Review & Outlook

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At Winthrop Wealth, we follow a **Total Net Worth Approach** to wealth management that combines both comprehensive financial planning and investment management. The financial plan helps define cash flow needs, seeks to optimize account structures, considers tax mitigation strategies, and determines the appropriate asset allocation based on the client's willingness and ability to take risk. Based on the output of the financial plan, our investment management process designs a well-diversified portfolio constructed with a long-term methodology based on prudent risk management, asset allocation, and security selection. *For clients who receive both financial planning and investment advisory services under agreement. No strategy assures success or protects against loss. Investing involves risk, including loss of principle.*

Third Quarter 2025 Highlights

- **US Equity Markets:** The US equity market rally continued in the third quarter, with the S&P 500 rising +8.1%. The index is now higher by +14.8% year-to-date, with gains in seven of the last eight quarters. After a near bear market in early April, the market is up over +35% from the low. The rally was primarily driven by progress on trade deals and easing tariff uncertainty, stronger-than-expected corporate earnings, sustained optimism around artificial intelligence, and the Fed's recent rate cut alongside expectations for further easing.

- **Treasury Yields:** Treasury yields declined across the curve in the third quarter as labor market weakness prompted the Fed to cut rates for the first time since December 2024. The 10-Year Treasury yield declined by about 10 basis points to 4.15%. The Federal Reserve influences short-term interest rates by setting the Federal Funds rate, while the market determines long-term yields based on supply dynamics and investor demand, which vary with expectations of future inflation and economic growth.

- **US Fixed Income Market:** The Bloomberg US Aggregate Bond index (Agg), which acts as a proxy for the intermediate-term investment-grade bond market, increased by +2.0% due to the decline in the 10-Year Treasury yield. The Agg is now higher by +6.1% in 2025. All else equal, we expect intermediate-term bonds to provide both ballast and positive returns once yields either stabilize or decline. In our opinion, intermediate-term bonds remain an attractive investment opportunity, as the yield to maturity on the US Aggregate Bond Index ended the quarter at 4.4%.

- **Inflation:** While most inflation measures eased over the past two years, recent months have seen a modest reacceleration tied to tariffs. For now, policymakers view the tariff-related bump as temporary rather than the start of a renewed, sustained inflation cycle.

- **The Fed:** At their September 17th meeting, the FOMC lowered the top end of the Federal Funds by 0.25% (25 basis points) to 4.25% - the first rate cut since December 2024. The FOMC's most recent Summary of Economic Projections (SEP) showed that the median participant expects they will lower rates to 3.6% this year and 3.4% the year after, implying two additional cuts in 2025 and one more in 2026.

- **US Economy:** The US economy is losing momentum, weighed down by tariff-related uncertainty and rising inflation pressures. Real GDP growth for 2025 is projected at +1.8%, below the +2.7% average of the prior three years. Going forward, durability of US growth will hinge on whether consumer strength at the upper end can offset mounting pressures on households lower in the income spectrum. While the wealth effect may continue to support spending as long as markets remain elevated, persistent weakness in job creation and rising cost burdens present meaningful risks to the broader economy.

- **Short-Term Market Outlook:** While we are encouraged by the rebound to new all-time highs, our short-term outlook has turned more cautious given the remarkable nature of recent gains. On the positive side, corporate earnings remain solid with upward revisions, the worst-case tariff scenario has so far been avoided, and the Fed has resumed cutting interest rates. At the same time, there are clear signs of froth, with speculation evident across several areas of the market. In our view, it is prudent to expect volatility to increase, stay disciplined through regular rebalancing to long-term targets, and use this environment to opportunistically raise cash for upcoming distributions or future goals.

- **Long-term Investment Philosophy:** Our long-term outlook remains optimistic for investors with both a comprehensive financial plan and investment process. Markets have historically increased over time despite frequent drawdowns as successful corporations have been able to figure out ways to generate profits through advances in innovation and productivity. To capitalize on the power of compounding, we believe in the benefits of staying **D**isciplined, **O**pportunistic, and **D**iversified, while striving to **M**itigate fees, taxes, and expenses. In our opinion, adhering to a structured process and executing on all these components should help keep our clients on track toward pursuing their long-term objectives. *Historically, equity markets have recovered from recessions and downturns. Past performance is no guarantee of future returns. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.*

All data sourced from Bloomberg as of 9/30/25

US Equity Markets

The US equity market rally continued in the third quarter, with the S&P 500 rising +8.1%. The index is now higher by +14.8% year-to-date, with gains in seven of the last eight quarters. After a near bear market in early April, the market is up over +35% from the low. The rally was primarily driven by progress on trade deals and easing tariff uncertainty, stronger-than-expected corporate earnings, sustained optimism around artificial intelligence, and the Fed's recent rate cut alongside expectations for further easing.

US Equity Market Performance								
Broad Market	**Q3 2025**	**2025**	**Style**	**Q3 2025**	**2025**	**Sector**	**Q3 2025**	**2025**
S&P 500	8.11%	14.81%	Russell 1000 Growth	10.51%	17.23%	Utilities	7.57%	17.69%
Russell 3000	8.17%	14.38%	Russell 1000 Value	5.31%	11.63%	Energy	6.21%	7.04%
Dow Jones Industrial Average	5.67%	10.47%				Industrials	4.91%	18.25%
Nasdaq	11.43%	17.96%				Health Care	3.76%	2.61%
			Sector	**Q3 2025**	**2025**	Financials	3.22%	12.70%
Size	**Q3 2025**	**2025**	Technology	13.19%	22.31%	Materials	3.10%	9.32%
Mid Cap (S&P 400)	5.55%	5.75%	Communication Services	12.04%	24.51%	Real Estate	2.59%	6.19%
Small Cap (Russell 2000)	12.39%	10.38%	Consumer Discretionary	9.54%	5.30%	Consumer Staples	-2.36%	3.89%

Source: Bloomberg

Key Points

- **S&P 500 Milestone – from 667 to 6,700:** In late September, the S&P 500 reached a new intra-day record of 6,700. From the depths of the Global Financial Crisis in March 2009, when the index bottomed at 667, the index has generated a total return of more than 12x, compounding at +17.0% annually. Market performance in recent months — and over the past decade and a half — reinforces our belief in the importance of maintaining a disciplined long-term perspective. Please see our Principles for Long-Term Investing.

- **Volatility Fades**: After a turbulent second quarter in which the S&P 500 posted ten daily swings of at least ±2%, the market had no such occurrences in Q3.

- **Trade Deals, Tariff Risks, and the Courts:** Tariffs and trade negotiations remained a central focus through the quarter, with the US reaching agreements with the European Union, Japan, and South Korea, while discussions with China, Canada, India, and others are still ongoing. The Supreme Court is preparing to rule on the legality of the current tariff framework, but even if certain measures are struck down, the administration has other avenues to reimpose tariffs, keeping trade policy an ongoing source of risk.
    - We continue to hope that the current round of tariffs and negotiations ultimately leads to more favorable trade terms for the US, stronger protections for intellectual property, and the onshoring of critical supply chains—without causing lasting harm to economic growth or business and consumer confidence.

- **Magnificent 7 Stocks Rotate and Rally:** Four of the Magnificent 7 stocks produced double-digit gains in the quarter led by Tesla (+40%), Alphabet (+37%), and Apple (+24%). Year-to-date, however, leadership remains with Nvidia (+39%), Meta (+26%), and Microsoft (+24%), underscoring how market drivers have shifted quarter to quarter.
    - We construct diversified portfolios across regions, countries, market caps, factors, styles, sectors, and industries and tilt toward the areas we feel provide the most potential benefit. Our view remains that diversified portfolios can lead to more consistent and less volatile results than a single asset class or an 'all-eggs-in-one-basket' approach. Please see our Client Question on Asset Allocation for our views on portfolio construction. *There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.*

- **Small Caps and Speculative Stocks Rally:** Anticipation of FOMC rate cuts fueled strong gains in riskier areas of the market, with Small Caps up +12.4% and speculative baskets including Non-Profitable Technology (+29%), Bitcoin-Sensitive Equities (+60%), and Meme Stocks (+31%) all surging. In our outlook, we note that these and similar moves are clear signs of froth.

- **Upcoming Catalysts:** Government Shutdown Deadline (10/1), BLS Employment Report (10/3), CPI Inflation (10/15), Unofficial Start of Q3 Earnings Season (10/14), Retail Sales (10/16), FOMC Meeting (10/29), Q3 GDP (10/30), PCE Inflation (10/31), Supreme Court Hearing on Tariffs (11/5).

Fixed Income Markets

Interest Rates

Treasury yields declined across the curve in the third quarter as labor market weakness prompted the Fed to cut rates for the first time since December 2024.

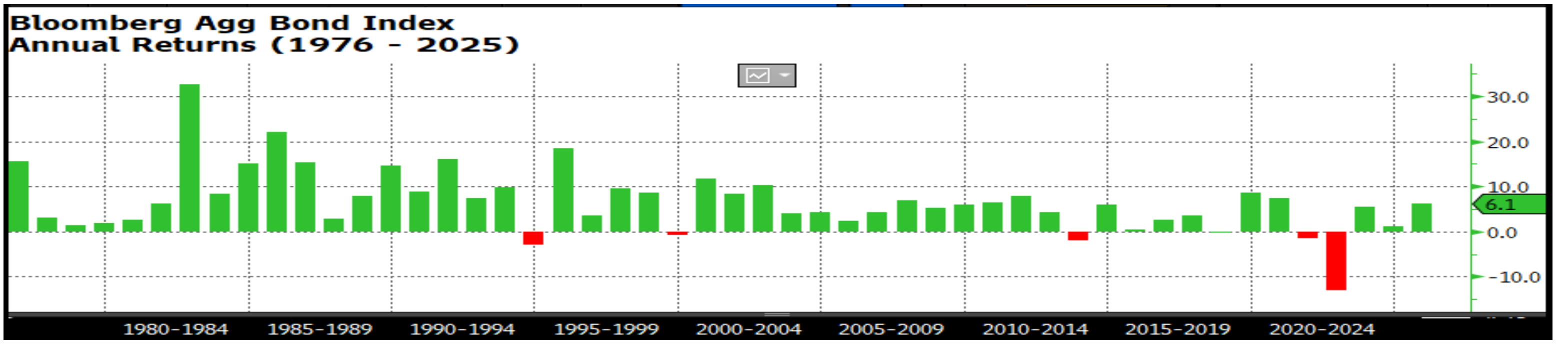
- **Short-Term Treasury Yields:** The Federal Reserve influences short-term interest rates by setting the Federal Funds rate.
    - Quarter-end levels: 3-Month: 3.93% (-0.4%), 6-Month: 3.84% (-0.4%), 12-Month: 3.61% (-0.4%).
    - According to Bloomberg, market pricing indicates about four 0.25% rate cuts over the next year, so short-term yields should decline in the coming months.
    - Investing in short-term Treasuries with 4%-5% yields was a great strategy over the past few years, but we believe that opportunity has passed, and investors now face reinvestment risk with lower rates at maturity. We suggest using short-term Treasuries to fund anticipated liabilities, and to invest any excess cash in longer maturities or in a diversified portfolio. *Investing involves risk including loss of principal. No strategy assures success or protects against loss.*
- **Long-Term Treasury Yields:** The market determines long-term yields based on supply dynamics and investor demand, which vary with expectations of future inflation and economic growth.
    - Quarter-end levels: 10-Year: 4.15% (-0.1%), 20-Year: 4.70% (-0.1%), 30-Year: 4.73% (-0%).
    - As a reminder, mortgage rates are more closely correlated with the 10-Year Treasury yield than with the Federal Funds rate. Investors should not assume mortgage rates will fall simply because the Fed is cutting. In late 2024, the Fed lowered rates by 1.0%, yet the 10-Year yield rose +1.1% and mortgage rates climbed +0.8% as markets priced in higher inflation and growth.
    - The latest CBO projection estimates the federal budget deficit will reach $1.9 trillion in 2025. This figure is expected to be revised higher following the passage of the One Big Beautiful Bill Act (OBBA), though tariff revenues will offset a portion of the cost. In our opinion, reducing the deficit and slowing the growth of federal debt would significantly help stabilize long-term interest rates.

Intermediate-Term Bonds

The Bloomberg US Aggregate Bond index (Agg), which acts as a proxy for the intermediate-term investment-grade bond market, increased by +2.0% due to the decline in the 10-Year Treasury yield. Bond prices move inversely to interest rates and credit spreads. The Agg is now higher by +6.1% in 2025. Please see our Bond Primer.

After some challenging periods over the last few years, we are pleased to see solid returns from intermediate-term bonds. All else equal, we still expect intermediate-term bonds to provide both ballast and positive returns as yields either stabilize or decline. Bonds did provide ballast during the recent bout of market volatility earlier this year, gaining +1% while the equity market declined by nearly -19%. We'll also highlight that bonds performed well in a relatively stable rate environment: over the last three years, the 10-Year yield has increased by about +0.3% (30 basis points), while the Agg delivered a +15.5% total return (+4.9% annualized).

In our opinion, intermediate-term bonds remain an attractive investment opportunity, as the yield to maturity on the US Aggregate Bond Index ended the quarter at 4.4%. Yield to maturity is defined as the estimated annualized rate of return an investor can expect on a bond if purchased today and held to maturity, assuming the issuer makes all their interest and principal payments (i.e., no defaults). *Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.*



Source: Bloomberg

Inflation

A reasonable base case is that the tariff-related effects on inflation will be relatively short lived—a one-time shift in the price level. A "one-time" increase does not mean "all at once." Tariff increases will likely take some time to work their way through supply chains.

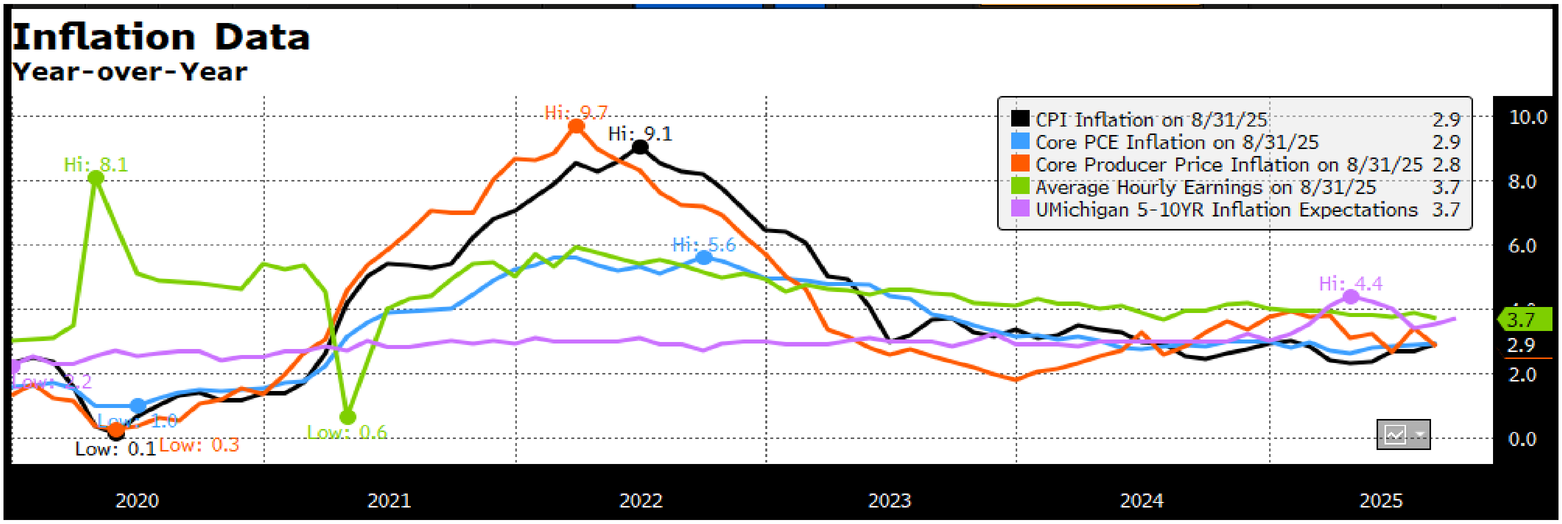
- Fed Chair Jerome Powell, Chamber of Commerce 2025 Economic Outlook (September 2025)

The surge in inflation since early 2021 was driven by supply chain bottlenecks, rising energy prices, strong consumer demand fueled by a solid labor market, and unprecedented levels of stimulus. While most inflation measures eased over the past two years, recent months have seen a modest reacceleration tied to tariffs. The Fed separates inflation into three main categories: goods, housing, and non-housing core services. Goods inflation has moved higher in response to tariffs, housing inflation remains elevated at 3.9% year-over-year but is gradually trending lower, and non-housing services inflation continues to be sticky at 3.4%.

For now, policymakers view the tariff-related bump as a temporary, one-time adjustment in prices rather than the start of a renewed, sustained inflation cycle. Against this backdrop, the Fed has resumed lowering rates, though any further moves could be put on hold if inflation continues to rise.

Here are several key inflation indicators and a chart tracking the data since the start of 2020:

- **The Bureau of Labor Statistics Consumer Price Index (CPI)** is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. The index includes food and energy prices.
  - Latest Reading: 2.9% (August). Peak: 9.1% (June 2022).
- **The Core Personal Consumption Expenditure (PCE) Index** measures the prices paid by consumers for goods and services based on surveys of what businesses are selling. Core means that the index excludes food and energy prices. This is the Fed's preferred inflation measure, which they target at an average of 2%.
  - Latest Reading: 2.9% (August). Peak: 5.6% (February 2022).
- **The Core Producer Price Index (PPI)** measures the average change in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services.
  - Latest Reading: 2.8% (August). Peak: 9.7% (March 2022).
- **The Bureau of Labor Statistics Average Hourly Earnings** tracks total hourly renumeration (in cash or in kind) paid to employees in return for work done (or paid leave). Data is from the Current Employment Statistics (CES) survey.
  - Latest Reading: 3.7% (August). Peak: 8.1% (April 2020).
- **The University of Michigan Inflation Expectations** data is based on a monthly survey designed to gauge consumer expectations. Participants are asked for their view on annual inflation over the next 5 to 10 years.
  - Latest Reading: 3.7% (September). Peak: 4.4% (April 2025).



Source: Bloomberg

The Fed

The Federal Reserve serves as the central bank of the United States and performs critical functions designed to promote the health of the economy and stability of the financial system. The three key entities include the Board of Governors, twelve Federal Reserve Banks, and the Federal Open Market Committee (FOMC). The FOMC sets monetary policy in accordance with its mandate from Congress: to promote maximum employment and stable prices. According to the Fed, "monetary policy directly affects interest rates; it indirectly affects stock prices, wealth, and currency exchange rates. Through these channels, monetary policy influences spending, investment, production, employment, and inflation in the United States." Please see our Client Question on The Fed.

Interest Rates		Balance Sheet		Commentary
Federal Funds Rate	Federal Funds Rate 2025 Change	Fed Balance Sheet	Fed Balance Sheet 2025 Change	September 2025 FOMC Statement
4.00% - 4.25%	-0.25% 1 Rate Cut	$6.6 Trillion	- $280 Billion	The Committee seeks to achieve maximum employment and inflation at the rate of 2% over the longer run. Uncertainty about the economic outlook remains elevated. The Committee is attentive to the risks to both sides of its dual mandate and judges that downside risks to employment have risen.

Source: Federal Reserve and Bloomberg

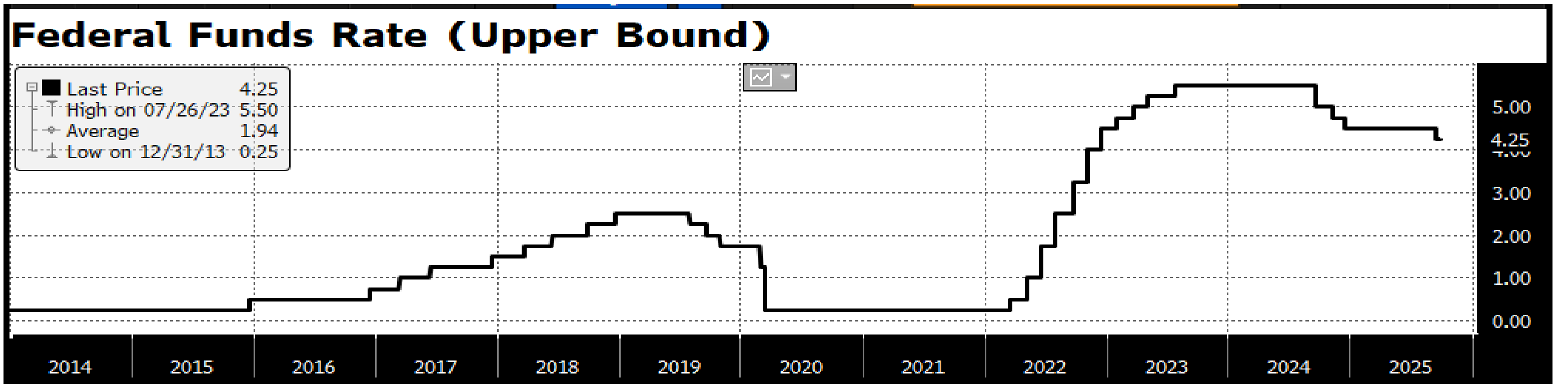
Interest Rates: At their September 17th meeting, the FOMC lowered the top end of the Federal Funds by 0.25% (25 basis points) to 4.25% - the first rate cut since December 2024. After raising rates to a peak of 5.50% in 2023, the Fed has now reduced rates by a cumulative 1.25% since last September. The FOMC's most recent Summary of Economic Projections (SEP) showed that the median participant expects they will lower rates to 3.6% this year and 3.4% the year after, implying two additional cuts in 2025 and one more in 2026. According to Bloomberg, market pricing indicates about four 0.25% rate cuts by the end of 2026, including two more this year. The next FOMC meeting is on October 29th.

Balance Sheet – Quantitative Tightening: In March, the Fed announced that its balance sheet runoff, or Quantitative Tightening program, would slow down again from a monthly pace of $60 billion to $40 billion - $5 billion in Treasuries and $35 billion in agency mortgage-backed securities. The Fed's balance sheet now stands at about $6.6 trillion, down from a peak of nearly $9 trillion in 2022. The Fed still thinks they can reduce the balance sheet close to its pre-pandemic size.

In the near term, risks to inflation are tilted to the upside and risks to employment to the downside - a challenging situation. When our goals are in tension like this, our framework calls for us to balance both sides of our dual mandate. With downside risks to employment having increased, the balance of risks has shifted. Accordingly, we judged it appropriate at this meeting to take another step toward a more neutral policy stance.

- Fed Chair Jerome Powell, FOMC Press Conference (September 2025)

At the latest FOMC meeting, Fed Chair Powell noted that both elements of the Fed's dual mandate - price stability and maximum employment - are moving in the wrong direction. Inflation remains above target while the labor market has softened. In such periods, the Fed often emphasizes stabilizing the labor market, since sustained weakness in employment can weigh heavily on the broader economy. As such, the Fed lowered interest rates for the first time this year, framing the move as a "risk-management" cut aimed at cushioning the economy against growing downside risks. Whether this marks the start of a series of reductions or a pause will ultimately depend on the path of both inflation and employment, with markets likely to remain highly sensitive to each new data release.



Source: Bloomberg

US Economy

Sentiment for consumers with larger stock holdings held steady in September, while for those with smaller or no holdings, sentiment decreased.

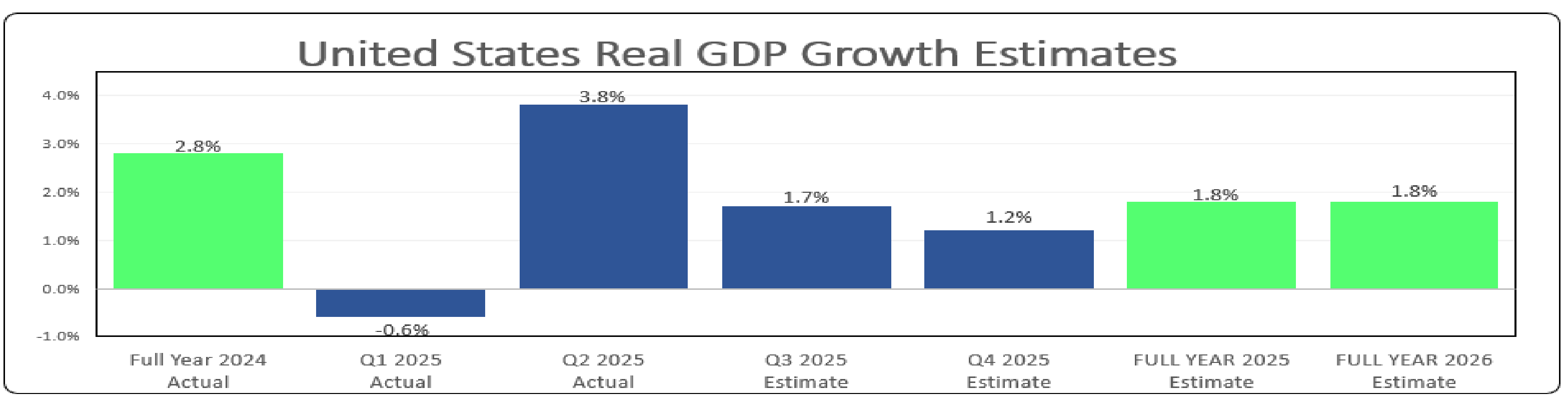
- University of Michigan Consumer Sentiment Survey (September 2025)

The US economy is losing momentum, weighed down by tariff-related uncertainty and rising inflation pressures. Real GDP growth for 2025 is projected at +1.8%, below the +2.7% average of the prior three years. Notably, this tepid growth comes despite a sizable boost from artificial intelligence: JP Morgan estimates that technology sector capital spending - much of it tied to AI - accounted for 35–45% of GDP growth over the last three quarters, implying that without this contribution, growth would be closer to 1%. The labor market is also cooling, with job creation averaging only +29,000 per month over the past three months, a pace Fed Chair Powell has noted is below the breakeven rate needed to hold unemployment steady at 4.3%. Meanwhile, companies such as Walmart have cautioned that tariff-related cost pressures are only beginning to filter through, with the greatest impact expected on lower-income households.

At the same time, wealthier households are buoyed by rising asset values and home prices, supporting consumer spending. According to the Federal Reserve, net worth for US households and nonprofits climbed to a record $176.3 trillion at the end of June. Moody's reported the top 10% of earners accounted for more than 49% of consumer spending last quarter - the highest share since records began in 1989. Going forward, durability of US growth will hinge on whether consumer strength at the upper end can offset mounting pressures on households lower in the income spectrum. While the wealth effect may continue to support spending as long as markets remain elevated, persistent weakness in job creation and rising cost burdens present meaningful risks to the broader economy.

United States Economic Data

Data Point	Latest Reading	Historical Readings				Historical Averages				Source
		3-Months Ago		12-Months Ago		5-Year Average		10-Year Average		
Economic Indicators										
Leading Economic Indicators (Y/Y)	**-3.6%**	-3.9%	↑	-4.6%	↑	-1.5%	↓	0.3%	↓	Conference Board
Financial Conditions Index	**0.66**	0.45	↑	0.87	↓	0.38	↑	0.13	↑	Bloomberg
ISM Manufacturing Index	**48.7**	48.5	↑	47.5	↑	52.3	↓	53.0	↓	Institute for Supply Mgmt
ISM Services Index	**52.0**	49.9	↑	51.6	↑	55.4	↓	55.7	↓	Institute for Supply Mgmt
Consumer										
Retail Sales (Y/Y)	**5.0%**	3.4%	↑	1.8%	↑	7.8%	↓	5.3%	↓	US Census Bureau
Michigan Consumer Sentiment	**55.1**	52.2	↑	67.9	↓	68.2	↓	80.9	↓	University of Michigan
Debt-to-Service Ratio	**9.8%**	9.6%	↑	9.1%	↑	9.5%	↑	9.8%	↑	Federal Reserve
Labor Market										
Unemployment Rate	**4.3%**	4.2%	↑	4.2%	↑	4.4%	↓	4.6%	↓	Bureau of Labor Statistics
Change in Nonfarm Payrolls	**22,000**	19,000	↑	71,000	↓	312,017	↓	145,125	↓	Bureau of Labor Statistics
Continuing Jobless Claims	**1,926,000**	1,956,000	↓	1,825,000	↑	2,268,799	↓	2,816,802	↓	Department of Labor
Housing Market										
Existing Home Sales (Annual Rate)	**4,000,000**	4,040,000	↓	3,930,000	↑	4,847,800	↓	5,108,300	↓	Ntl Association of Realtors
Case-Shiller Home Price Index (Y/Y)	**2.1%**	2.8%	↓	5.2%	↓	9.2%	↓	6.9%	↓	S&P
30-Year Fixed Rate Mortgage	**6.3%**	6.9%	↓	6.7%	↓	5.8%	↑	4.8%	↑	Bankrate.com
Inflation										
Core PCE Inflation (Y/Y)	**2.9%**	2.8%	↑	2.9%	↑	3.7%	↓	2.6%	↑	Bureau of Econ Analysis
Consumer Price Index (Y/Y)	**2.9%**	2.4%	↑	2.5%	↑	4.4%	↓	3.1%	↓	Bureau of Labor Statistics
Average Hourly Earnings (Y/Y)	**3.7%**	3.8%	↓	4.0%	↓	4.5%	↓	3.8%	↓	Bureau of Labor Statistics



Source: Winthrop Wealth, Bloomberg

Outlook

Economic Growth

The US economy is losing momentum, weighed down by tariff-related uncertainty and rising inflation pressures. Going forward, durability of US growth will hinge on whether consumer strength at the upper end can offset mounting pressures on households lower in the income spectrum. While the wealth effect may continue to support spending as long as markets remain elevated, persistent weakness in job creation and rising cost burdens present meaningful risks to the broader economy.

Real GDP Estimates:
- 2025: +1.8%
- 2026: +1.8%

Monetary Policy

At their latest meeting, the FOMC lowered the top end of the Federal Funds by 0.25% (25 basis points) to 4.25% - the first rate cut since December 2024. The FOMC's most recent Summary of Economic Projections (SEP) showed that the median participant expects they will lower rates to 3.6% this year and 3.4% in 2026.

Fed Chair Powell noted that both elements of the Fed's dual mandate - price stability and maximum employment - are moving in the wrong direction. Whether this marks the start of a series of reductions or a pause will ultimately depend on the path of both inflation and employment, with markets likely to remain highly sensitive to each new data release.

Corporate Earnings

S&P 500 earnings estimates are rising again after earlier declines tied to tariff-related uncertainty. Third quarter 2025 earnings season kicks off in mid-October.

S&P 500 Earnings Estimates
- 2025: $268 (+10%)
- 2026: $304(+14%)

Over long time periods, earnings drive stock prices.

Valuation

Valuations continue to look stretched.

The P/E ratio is calculated as the current price divided by the earnings-per-share.

- Forward P/E (next 12-months): 22.8x.
- 30-Year Peak (1999): 25.6x.
- 30-Year Average: 17.2x.

Valuation analysis is subjective and typically based on interest rates, earnings growth estimates, and historical or relative values.

Source: Winthrop Wealth, Bloomberg

Short-Term Outlook: While we are encouraged by the rebound to new all-time highs, our short-term outlook has turned more cautious given the remarkable nature of recent gains. On the positive side, corporate earnings remain solid with upward revisions, the worst-case tariff scenario has so far been avoided, and the Fed has resumed cutting interest rates. At the same time, there are clear signs of froth, with speculation evident across several areas of the market—from the resurgence of meme stocks and Special Purpose Acquisition Companies (SPACs) to stretched valuations, record option activity, outsized gains in unprofitable technology companies, elevated first-day IPO returns, and record-high margin debt. During times when speculation is rampant, many investors are lulled into believing that markets will continue to rise indefinitely, prompting them to take on excessive risk. In our view, it is prudent to expect volatility to increase, stay disciplined through regular rebalancing to long-term targets, and use this environment to opportunistically raise cash for upcoming distributions or future goals.

The key factors we are monitoring include the risk of reigniting tariffs and trade wars, continued weakness in the labor market that spills over into the broader economy, and any setback to the elevated optimism surrounding artificial intelligence (AI). While these or other developments may lead to volatility, market declines are an inevitable part of investing. What matters most is how investors respond. We aim to stay vigilant and seek to use these periods as opportunities to make lemonade out of lemons, whether through tax-loss harvesting or reallocating to more attractive securities. April provided the latest example, as we sought tax-loss harvesting opportunities and rebalanced into equities where appropriate during the near bear market. As we outlined in our Navigating Volatile Markets commentary, maintaining the right mindset, a comprehensive financial plan, and a disciplined investment process can provide confidence in working toward long-term goals. *Historically, equity markets have recovered from recessions and downturns. Past performance is no guarantee of future returns. Consider your own risk tolerance, financial circumstances, and time horizon.*

Long-term Investment Philosophy: Our long-term outlook remains optimistic for investors with both a comprehensive financial plan and investment process. Markets have historically increased over time despite frequent drawdowns as successful corporations have figured out ways to generate profits through advances in innovation and productivity. To capitalize on the power of compounding, we believe in the benefits of staying **D**isciplined, **O**pportunistic, and **D**iversified, while striving to **M**itigate fees, taxes, and expenses.

In our opinion, adhering to a structured process and executing on all these components should help keep our clients on track toward pursuing their long-term objectives. *Historically, equity markets have recovered from recessions and downturns. Past performance is no guarantee of future returns. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.*

THIRD QUARTER 2025 MARKET RETURNS

US Equity												
Index	**3rd Quarter**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**1-Year**	**3-Year**	**5-Year**	**10-Year**	**20-Year**
S&P 500	8.11%	14.81%	25.00%	26.26%	-18.12%	28.68%	18.39%	17.56%	24.88%	16.44%	15.27%	10.95%
Russell 3000	8.17%	14.38%	23.80%	25.93%	-19.22%	25.64%	20.88%	17.38%	24.07%	15.71%	14.68%	10.73%
Dow Jones Industrial Average	5.67%	10.47%	14.99%	16.18%	-6.86%	20.95%	9.72%	11.50%	19.61%	12.97%	13.49%	10.28%
Nasdaq	11.43%	17.96%	29.60%	44.70%	-32.51%	22.21%	45.06%	25.47%	29.93%	16.10%	18.37%	13.68%
S&P 400	5.55%	5.75%	13.89%	16.39%	-13.12%	24.73%	13.65%	6.10%	15.78%	13.56%	10.79%	9.50%
Russell 2000	12.39%	10.38%	11.52%	16.88%	-20.46%	14.78%	19.93%	10.74%	15.16%	11.52%	9.73%	8.12%
Russell 1000 Growth	10.51%	17.23%	33.35%	42.67%	-29.14%	27.59%	38.49%	25.52%	31.57%	17.56%	18.81%	13.32%
Russell 1000 Value	5.31%	11.63%	14.35%	11.42%	-7.56%	25.12%	2.78%	9.40%	16.91%	13.84%	10.69%	8.16%
International Equity												
MSCI Index	**3rd Quarter**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**1-Year**	**3-Year**	**5-Year**	**10-Year**	**20-Year**
EAFE	4.77%	25.14%	3.82%	18.24%	-14.45%	11.26%	7.82%	14.99%	21.68%	11.15%	8.16%	5.53%
Europe	4.37%	33.52%	2.64%	22.94%	-17.86%	13.54%	7.89%	21.49%	27.40%	13.06%	8.84%	5.42%
Japan	8.02%	20.70%	8.31%	20.32%	-16.65%	1.71%	14.48%	16.36%	21.19%	8.97%	8.24%	4.63%
China	20.70%	41.62%	19.42%	-11.20%	-21.93%	-21.72%	29.49%	30.76%	19.44%	0.41%	6.76%	8.19%
Emerging Markets	10.64%	27.53%	7.50%	9.83%	-20.09%	-2.54%	18.31%	17.32%	18.19%	7.01%	7.98%	6.11%
All Country World (ACWI)	7.62%	18.44%	17.49%	22.20%	-18.36%	18.54%	16.25%	17.27%	23.10%	13.54%	11.90%	8.18%
ACWI ex US	6.89%	26.02%	5.53%	15.62%	-16.00%	7.82%	10.65%	16.45%	20.65%	10.25%	8.22%	5.59%
US Fixed Income												
Bloomberg Index	**3rd Quarter**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**1-Year**	**3-Year**	**5-Year**	**10-Year**	**20-Year**
Aggregate	2.03%	6.13%	1.25%	5.53%	-13.01%	-1.54%	7.51%	2.88%	4.92%	-0.45%	1.84%	3.23%
Treasury Bills	1.10%	3.25%	5.32%	5.14%	1.52%	0.04%	0.54%	4.47%	4.87%	3.04%	2.08%	1.67%
Corporates	2.60%	6.88%	2.13%	8.52%	-15.76%	-1.04%	9.89%	3.63%	7.07%	0.35%	3.12%	4.25%
Securitized MBS/ABS/CMBS	2.38%	6.70%	1.45%	5.08%	-11.67%	-1.04%	4.18%	3.49%	5.09%	-0.05%	1.49%	
High Yield	2.54%	7.22%	8.19%	13.45%	-11.19%	5.28%	7.11%	7.41%	11.08%	5.54%	6.16%	6.70%
Munis	3.00%	2.64%	1.05%	6.40%	-8.53%	1.52%	5.21%	1.39%	4.73%	0.85%	2.34%	3.48%
US Equity Sectors												
Index	**3rd Quarter**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**1-Year**	**3-Year**	**5-Year**	**10-Year**	**20-Year**
Technology	13.19%	22.31%	36.61%	57.84%	-28.19%	34.53%	43.89%	28.22%	40.27%	23.27%	25.20%	16.58%
Real Estate	2.59%	6.19%	5.23%	12.35%	-26.13%	46.20%	-2.17%	-2.24%	9.23%	7.30%	7.27%	
Industrials	4.91%	18.25%	17.30%	18.08%	-5.51%	21.10%	11.05%	15.40%	24.95%	16.73%	13.73%	10.29%
Energy	6.21%	7.04%	5.72%	-1.42%	65.47%	54.39%	-33.68%	4.43%	11.03%	29.48%	8.13%	5.68%
Consumer Discretionary	9.54%	5.30%	30.14%	42.30%	-37.03%	24.43%	33.30%	20.31%	20.52%	10.54%	13.73%	12.04%
Communication Services	12.04%	24.51%	40.23%	55.80%	-39.89%	21.57%	23.61%	35.55%	38.91%	17.73%	14.10%	10.33%
Consumer Staples	-2.36%	3.89%	14.87%	0.52%	-0.62%	18.63%	10.75%	0.51%	10.57%	8.50%	8.95%	9.61%
Utilities	7.57%	17.69%	23.43%	-7.08%	1.56%	17.67%	0.48%	11.20%	13.60%	11.43%	10.87%	8.76%
Materials	3.10%	9.32%	-0.04%	12.55%	-12.28%	27.28%	20.73%	-4.27%	12.25%	9.46%	10.81%	8.54%
Financials	3.22%	12.70%	30.50%	12.10%	-10.57%	34.87%	-1.76%	20.66%	23.23%	19.61%	13.54%	6.31%
Health Care	3.76%	2.61%	2.58%	2.06%	-1.95%	26.13%	13.45%	-7.95%	6.61%	7.49%	9.65%	9.76%
		Calendar Year Returns						**Annualized Returns**				

Source: Bloomberg

DISCLOSURES

Content in this material is for general information only and not intended to provide specific advice or recommendations for any individual.

The economic forecasts set forth in this material may not develop as predicted and there can be no guarantee that strategies pro- moted will be successful.

All indexes mentioned are unmanaged indexes which cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results.

The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
The S&P Midcap 400 Stock Index is an unmanaged index generally representative of the market for the stocks of mid-sized US companies.

The Russell 2000 Index is an unmanaged index generally representative of the 2,000 smallest companies in the Russell 3000 index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index.

The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The Russell 3000 Growth Index is an unmanaged index comprised of those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 3000 Value Index measures the performance of those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values.

The prices of small cap stocks and mid cap stocks are generally more volatile than large cap stocks. The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

The MSCI EAFE Index consists of the following developed country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK.

The MSCI EM (Emerging Markets) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the emerging market countries of the Americas, Europe, the Middle East, Africa and Asia. The MSCI EM Index consists of the following emerging market country indices: Brazil, Chile, Colombia, Mexico, Peru, Czech Republic, Egypt, Greece, Hungary, Poland, Qatar, Russia, South Africa. Turkey, United Arab Emirates, China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan, and Thailand.

The MSCI US Broad Market Index captures broad US equity coverage. The index includes 3,204 constituents across large, mid, small and micro capitalizations, representing about 99% of the US equity universe.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

The Barclays Capital US Corporate High Yield Bond index is an index representative of the universe of fixed-rate, non-investment grade debt.

The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market.

The Bloomberg Barclays US Treasury Bills 1-3 Month Index is designed to measure the performance of public obligations of the U.S. Treasury that have a remaining maturity of greater than or equal to 1 month and less than 3 months. The Index includes all publicly issued zero coupon U.S. Treasury Bills that have a remaining maturity of less than 3 months and at least 1 month, are rated invest- ment grade, and have $300 million or more of outstanding face value.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.

Government bonds and Treasury bills are guaranteed by the US government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.

Municipal bonds are subject to availability and change in price. They are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise. Interest income may be subject to the alternative minimum tax. Municipal bonds are federally tax-free but other state and local taxes may apply. If sold prior to maturity, capital gains tax could apply.

High yield/junk bonds (grade BB or below) are not investment grade securities, and are subject to higher interest rate, credit, and liquidity risks than those graded BBB and above. They generally should be part of a diversified portfolio for sophisticated investors.

The market value of corporate bonds will fluctuate, and if the bond is sold prior to maturity, the investor's yield may differ from the advertised yield.

Asset allocation does not ensure a profit or protect against loss. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio.

Diversification does not protect against market risk. All investing involves risk which you should be prepared to bear