



Market Brief

MACRO

Growth: The labor market continued its deceleration trajectory, with nonfarm payrolls adding just 22,000 jobs in August. Retail sales rose 5.42% year-over-year in September, demonstrating consumer resilience despite labor market softness. Manufacturing PMI remains below 50 despite robust high-tech industrial activity—a paradox explained by diffusion indices measuring breadth rather than intensity, missing concentrated sectoral booms even when high-tech capex represents over 50% of non-residential investment.

Inflation: August's inflation data revealed a modest acceleration in headline CPI to 2.9% year-over-year, up from July's 2.7%, with core goods inflation ticking up from 0.21% to 0.28% month-over-month, potentially indicating the start of tariff pass-through effects. Despite this uptick in headline figures, core CPI maintained its position at 3.1%, while services inflation remains benign. Meanwhile, gold prices surged above \$3,750 per ounce in September, potentially signaling continued market concerns about inflation persistence.

Monetary Policy: The Federal Reserve cut interest rates by 25 basis points in September, lowering the overnight funds rate to 4.00%-4.25%. Chair Powell emphasized labor market concerns while attempting to remain balanced, though markets interpreted his messaging as more dovish than expected. The September Summary of Economic Projections showed Fed members expecting two more cuts by year-end 2025 and only one rate cut in 2026, which is well above the sub-3% rate implied by the fed funds futures market.

MARKET

Equities: Markets moved higher across the board, as the S&P 500 posted its best September month in 15 years, gaining +3.7%. In what has historically been the worst month for stocks, every major index posted gains, led by emerging markets, which increased by +7.1%. September's broad-based gains reflect improved investor confidence, as the Fed cut interest rates for the first time this year. Sector performance was split in September, with Technology leading the way, bouncing back from a negative August, advancing over 7.5%. Consumer Staples, Materials, and Energy all went negative, with Financials virtually flat at +0.1% in September.

Bonds: Global bonds posted moderate gains in September as yields fell on rate-cut expectations. US curve shifted from bull steepening to bear flattening; Europe flattened on hawkish ECB; UK long-end surged on fiscal and inflation risks; Japan's yields hit highs amid political uncertainty. The Fed cut rates 25bps, the BoE held, the ECB and the BoJ stayed put. Credit spreads tightened globally, boosting fixed income returns as risk assets outperformed Treasuries.

Currencies: The US dollar was flat over the month of September, with initial weakness reversing on stronger data and month-end rebalancing flows. G10 currencies were mixed over the month.

Commodities: Gold and silver finished the month strong, up +11.92% and +17.44%, respectively. Precious metals continue to see support from the broad market, as demand expands beyond traditional players to ETFs as well. Oil was down -2.6% as investors braced for possible OPEC+ output hikes.

CIO SNAPSHOT

We maintain a tactical risk-on stance in our asset allocation, reflecting our confidence in the current market's return potential. We remain overweight equities, and recently increased exposure to U.S. markets funded from International Developed, as we believe robust U.S. earnings growth continues to underpin domestic equity performance. Within equities, we are responsibly bullish on the AI supercycle, with targeted allocations to technology and power infrastructure, and are optimistic on financials and defense, supported by lighter regulation and elevated fiscal spending, respectively. In fixed income, we hold a neutral position in duration to manage rate sensitivity, while emphasizing higher-yielding opportunities that deliver compelling

		▲ Overweight
		— Neutral
		▼ Underweight
		Asset Class
		CIO View
		Equities
Regions	US Large Cap	▲
	US Small Cap	▼
	Developed International Equities	▼
	EM Equities	—
Factors	Growth	▲
	Quality	▲
	Value	▼
Sectors	Industrials	▲
	Technology	▲
	Financials	▲
		Fixed Income
Factors	Credit	▲
	Duration	—

US Related

ETF	Description	September	YTD
SPY	S&P 500	3.56%	14.66%
DIA	Dow 30	1.97%	10.27%
QQQ	Nasdaq 100	5.38%	17.88%
MDH	S&P Midcap 400	0.48%	5.69%
RSP	S&P 500 Eq Weight	1.01%	9.70%
QQQE	Nasdaq 100 Eq Weight	3.78%	13.60%
IWB	Russell 1000	3.31%	14.34%
IWM	Russell 2000	3.18%	10.36%
IWV	Russell 3000	3.44%	14.25%

Factors

ETF	Description	September	YTD
IVW	Russell Growth	5.19%	19.31%
IVE	Russell Value	1.71%	9.54%
MDK	Midcap 400 Growth	0.99%	5.96%
MDJ	Midcap 400 Value	-0.08%	5.10%
IT	Smallcap 600 Growth	0.60%	5.21%
IDS	Smallcap 600 Value	1.42%	3.12%
DVY	DJ Dividend	1.06%	11.10%
MTUM	Momentum	5.47%	24.81%
USMV	Low Volatility	1.32%	8.32%
SIZE	Size	0.99%	9.46%
QUAL	Quality	3.19%	9.98%

Global

ETF	Description	September	YTD
EWA	Australia	-0.30%	14.89%
EWZ	Brazil	5.08%	40.28%
EWC	Canada	3.61%	26.28%
MCHI	China	7.40%	41.91%
EWQ	France	3.15%	25.23%
EWG	Germany	-0.64%	32.94%
EWI	Hong Kong	1.84%	32.15%
INDA	India	0.15%	-1.10%
EWI	Italy	1.76%	46.97%
EWJ	Japan	2.47%	20.51%
EWX	Mexico	10.12%	48.32%
EIDO	Indonesia	-0.68%	-2.49%
EWSP	Spain	3.75%	61.22%
EIS	Israel	5.82%	30.96%
EWU	UK	1.23%	26.34%
EFA	EAFE	2.07%	25.63%
EEM	Emerging Mkts	7.10%	28.93%
IOO	Global 100	4.58%	19.91%
VT	All World	3.37%	18.65%
CWI	All World ex US	3.87%	26.77%

Sectors

ETF	Description	September	YTD
XLY	Cons Disc	3.59%	7.53%
XLP	Cons Stap	-2.32%	1.60%
XLE	Energy	-0.32%	6.87%
XLF	Financials	0.11%	12.62%
XLV	Health Care	1.73%	2.51%
XLI	Industrials	1.88%	18.26%
XLB	Materials	-2.42%	8.08%
XLRE	Real Estate	0.33%	6.00%
XLK	Technology	7.53%	21.79%
XLC	Comm Services	6.64%	23.36%
XLU	Utilities	4.12%	17.63%
SMH	Semis	12.43%	34.76%

Currencies

ETF	Description	September	YTD
FXB	British Pound	-0.28%	9.48%
FXE	Euro	0.41%	14.22%
FXJ	Yen	-0.67%	6.12%
DXY	Dollar	-0.08%	-9.87%

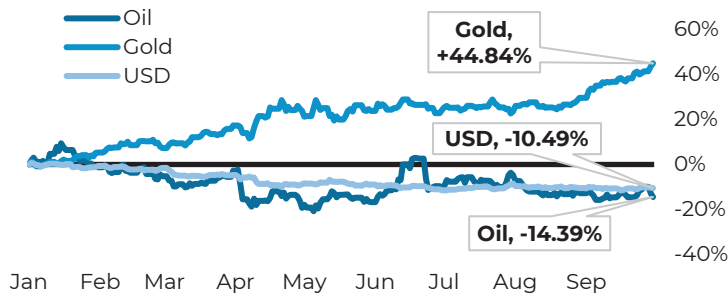
Fixed Income

ETF	Description	September	YTD
SHY	1-3 Yr Treasuries	0.29%	3.84%
IEI	3-7 Yr Treasuries	0.14%	5.83%
IEF	7-10 Yr Treasuries	0.65%	7.04%
TLH	10-20 Yr Treasuries	2.43%	6.34%
TLT	20+ Yr Treasuries	3.59%	5.35%
AGG	Aggregate Bond	1.13%	6.19%
TIP	T.I.P.S.	0.42%	6.85%
JNK	High Yield	1.04%	7.30%
MBB	Mortgage-Backed	1.21%	6.77%
LQD	IG Corporate	1.88%	7.53%

Commodities

ETF	Description	September	YTD
DBC	Commodities	1.44%	5.38%
DBA	Agric Commod.	-3.64%	0.64%
USO	Oil	-1.46%	-2.38%
UNG	Nat. Gas	1.87%	-22.25%
GLD	Gold	11.76%	46.81%
SLV	Silver	17.08%	60.92%

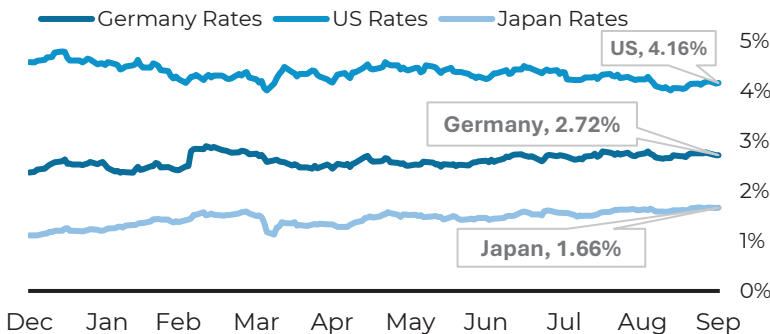
Commodity & Dollar Performance



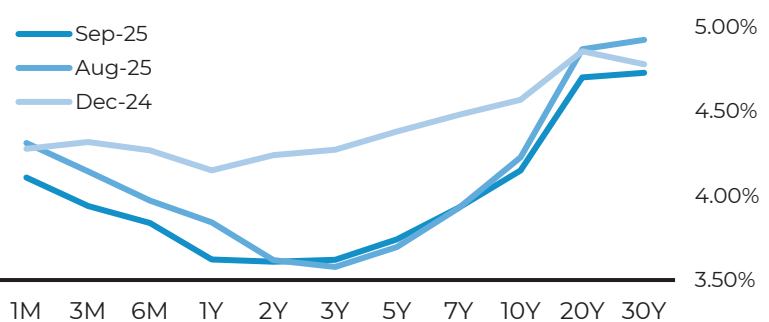
GOLD MARCHES TO NEW HIGHS

Gold prices are up nearly 45% YTD, as ETFs and retail buyers are adding to incremental demand. By the end of Q3, total AUM in global Gold ETF's reached \$472 Billion. Central banks have also increased their gold reserves YTD, led by China, Poland, and Turkey. Notable factors such as ongoing trade, monetary policy, and geopolitical uncertainty continue to serve as a tailwind for price action.

10 Year Bond Yields



US Yield Curve



Economic Data

	Prior Release Date	Prior Estimate	Prior Actual	Next Release Date	Upcoming Forecast Estimate
Effective Federal Funds Rate	9/17/2025	400-425 bps	400-425 bps	10/29/2025	375-400 bps
US Total Nonfarm Payrolls	9/5/2025	75,000	22,000	*Delayed Shutdown*	-
US Unemployment Rate	9/5/2025	4.3%	4.3%	*Delayed Shutdown*	-
Core PCE Index YoY%	9/26/2025	2.9%	2.9%	10/31/2025	-
US CPI YoY%	9/11/2025	2.9%	2.9%	*Delayed Shutdown*	-
US Real GDP QoQ%	9/25/2025	3.3%	3.8%	10/30/2025	-

2025 Q4 Tactical Asset Allocation Guide



Legend

Underweight

Slight Underweight

Neutral

Slight Overweight

Overweight

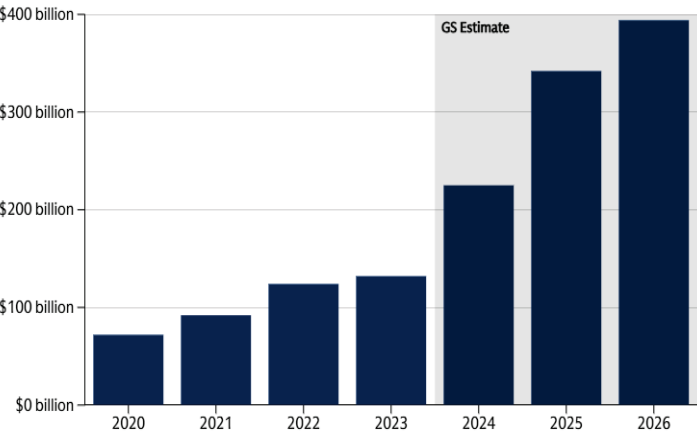
	Asset Class	View	Commentary
Equities	US Large Cap		Public company count has halved over the last two decades, concentrating quality in large caps. These firms benefit from diversified revenue streams and stronger balance sheets, positioning them to weather slowing growth better than smaller, cyclical peers.
	US Small Cap		Despite historical optimism during rate-cut cycles, small caps have underperformed when recessions are avoided—averaging +6% vs. +12% for large caps. Current leverage, weaker pricing power, and lower quality fundamentals suggest limited upside unless cuts accelerate and growth rebounds sharply.
	Developed International		Europe's fiscal push on defense and infrastructure and ECB flexibility to ease are positives. However, earnings delivery remains weak. Until growth materializes, we favor regions where valuations align with earnings momentum.
	Emerging Markets		Neutral stance persists as growth and earnings remain uneven. China's pivot to domestic consumption is structural but challenged by trade frictions. Upside depends on policy support and stabilization in global demand.
Factors	Growth		AI-driven demand continues to underpin growth stocks, supported by robust margins, free cash flow, and capex. In addition, adoption is starting to accelerate. While valuations are elevated, earnings delivery remains strong.
	Value		Value has lagged as growth dominates performance, fueled by AI and tech capex. Without a clear catalyst—such as a sharp rate-driven rotation – we maintain an underweight bias.
	Quality		Late-cycle dynamics favor companies with strong balance sheets and resilient cash flows. Quality remains a defensive hedge in our portfolios if credit conditions tighten and earnings dispersion widens.
Sectors	Technology		Tech earnings and profitability outpace the market, driven by structural AI demand and strong balance sheets. Despite trade tensions, secular growth trends remain intact.
	Financials		Easing regulation, steeper yield curve, and improving capital markets activity support financials. IPO and M&A pipelines are strengthening, adding cyclical upside. We are watching for credit quality deterioration if growth slows.
	Industrials		AI-driven power demand and infrastructure upgrades create tailwinds for industrials. Execution risk lies in cost inflation and project delays. Accelerated grid modernization funding is adding fuel to the fire.
Fixed Income	Duration		Two cuts priced in, but sticky inflation and fiscal stress limit downside for yields. We prefer favoring the front end of the yield curve as we expect curve steepening to continue.
	Credit		Elevated yields and stable fundamentals make credit attractive. IG spreads remain tight and HY offers carry but limited upside. We are comfortable with the income from credit and like select structured credit assets.

CIO Spotlight: All About Power

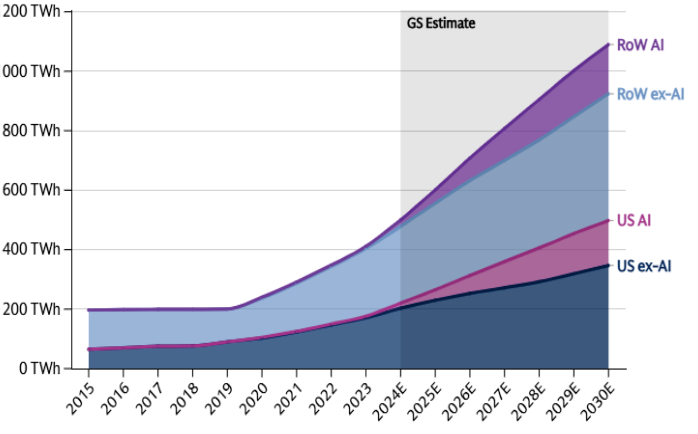
How AI Is Transforming Data Centers and Power Demand

Artificial intelligence is reshaping data center design and energy needs. Generative AI workloads require far greater computing power than traditional cloud services, driving hyperscalers to prioritize speed and scalability. Goldman Sachs projects the five largest U.S. firms will invest \$736 billion in across 2025 and 2026 to expand capacity, making data centers the backbone of AI innovation.

HYPERSCALE COMPANY CAPITAL EXPENDITURES



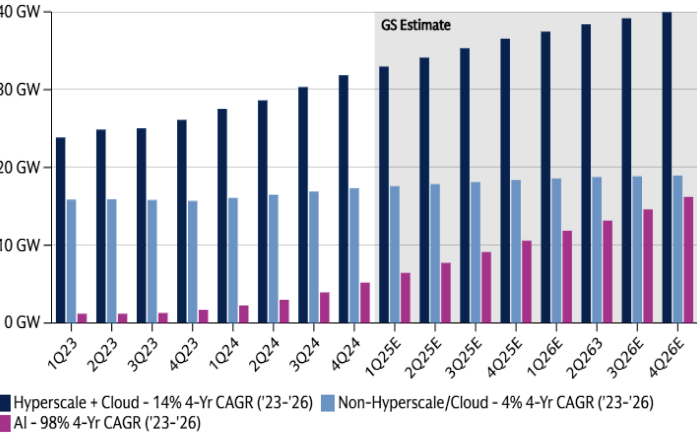
GLOBAL DATA CENTER ELECTRICITY CONSUMPTION



Explosive Growth in AI Workloads

AI currently accounts for 13% of global data center demand but is expected to reach 28% by 2027, while traditional workloads decline. Retrofitting older facilities is no longer viable; operators are building purpose-built centers to handle higher power density and cooling requirements.

GOLDMAN SACHS RESEARCH'S BASELINE FORECAST FOR GLOBAL DATA CENTER DEMAND



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