

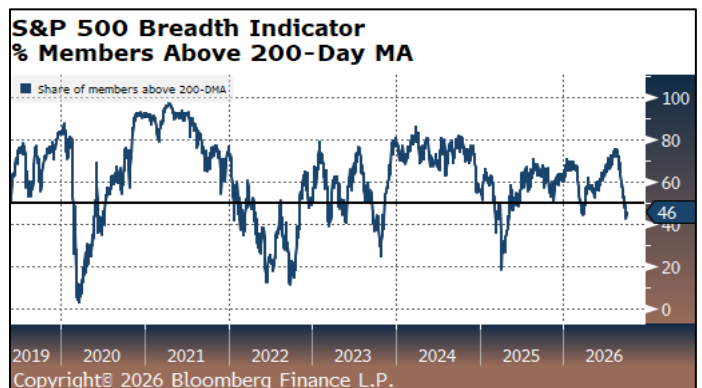
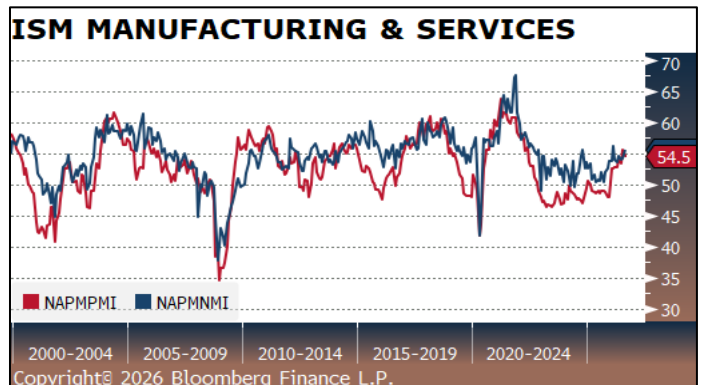
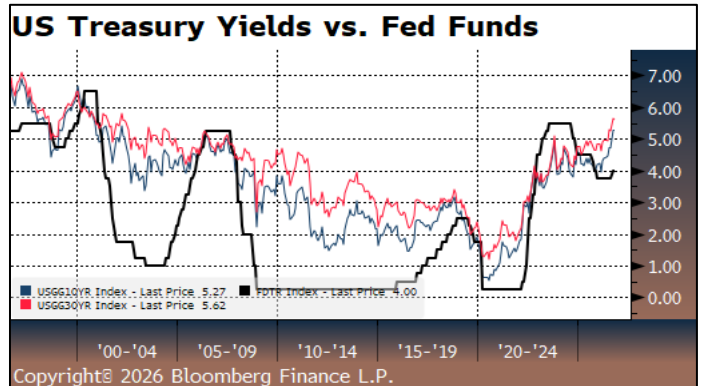
Executive Summary:

- **Fed policy remains restrictive:** Persistent inflation and resilient growth prompted a 25-basis-point rate increase, with further tightening possible.
- **Higher yields are resetting market trade-offs:** Rising bond yields are pressuring equity valuations and improving the relative appeal of fixed income.
- **Equity leadership is increasingly concentrated:** Narrowing market breadth favors diversification, disciplined security selection, and valuation awareness.

The Federal Reserve raised the target range for the federal funds rate by 25 basis points to 3.75%–4.00%, marking its first interest rate increase since 2023. Citing persistent inflation and continued economic resilience, policymakers also indicated that another increase could be appropriate later this year.

The Federal Reserve operates under a dual mandate: price stability and maximum employment. Core personal consumption expenditures (PCE) inflation, which excludes food and energy, rose 3.0% year over year in August, remaining above the Fed's 2% objective. At the same time, the labor market remained healthy, economic activity continued to expand, and measures of both manufacturing and services activity remained in expansion territory. Together, these conditions supported the Fed's decision to tighten monetary policy.

Although the Fed directly controls only the federal funds rate, intermediate- and long-term Treasury yields also rose materially. During September, the 10-year U.S. Treasury yield increased 54 basis points, while the 30-year yield rose 39 basis points. Government bond yields in several global markets also moved higher during the month. Rising yields can pressure equity valuations by increasing discount rates and offering investors more attractive alternatives to stocks. Nevertheless, continued earnings growth may help offset some of that pressure, particularly for companies capable of sustaining strong profitability.



The S&P 500 was approximately flat in September, but the headline result masked considerable weakness beneath the surface. At the beginning of the month, roughly 70% of the index's constituents traded above their 200-day moving averages; by month-end, that share had fallen closer to 40%. This deterioration in market breadth suggests that performance became increasingly concentrated in a relatively small group of companies. Growth stocks—particularly semiconductor companies—led the market, with S&P 500 growth outperforming value by more than 5 percentage points and semiconductor stocks outperforming value by more than 12.5 percentage points during the month.

Taken together, rising yields and narrowing market leadership suggest a more challenging environment for equities. Strong corporate fundamentals remain supportive, but elevated valuations and greater performance concentration reinforce the importance of diversification, disciplined security selection, and attention to valuation.

Thank you for your business!

SECTORS	2025	YTD	EQUITY INDICES	TICKER	2025	YTD	COMM. & CURRENCIES	LAST CLOSE	YTD
S&P 500 COMM SVC	33.56%	4.14%	S&P 500 INDEX	SPX	17.86%	13.79%	WTI CRUDE FUTURE Nov26	91.11	60.07%
S&P 500 CONS DISCRET IDX	6.04%	-4.66%	DOW JONES INDUS. AVG	INDU	14.92%	7.76%	BRENT CRUDE FUTR Dec26	102.25	69.79%
S&P 500 CONS STAPLES IDX	3.90%	5.95%	NASDAQ COMPOSITE	CCMP	21.17%	17.52%	NATURAL GAS FUTR Nov26	3.04	-23.97%
S&P 500 ENERGY INDEX	8.68%	43.26%	S&P 400 MIDCAP INDEX	MID	7.48%	12.08%	LME COPPER 3MO (\$)	14,258.50	14.78%
S&P 500 FINANCIALS INDEX	14.97%	-1.25%	RUSSELL 1000 GROWTH INDX	RLG	18.55%	7.86%	Gold Spot \$/Oz	4,141.19	-3.84%
S&P 500 HEALTH CARE IDX	14.60%	8.70%	RUSSELL 1000 VALUE INDEX	RLV	15.88%	19.95%	Silver Spot \$/Oz	60.36	-16.05%
S&P 500 INDUSTRIALS IDX	19.27%	10.49%	RUSSELL MIDCAP RT INDEX	RMC	10.59%	13.53%	Euro Spot	1.13	-4.12%
S&P 500 INFO TECH INDEX	24.04%	30.74%	RUSSELL 2000 INDEX	RTY	12.79%	15.35%	British Pound Spot	1.32	-1.47%
S&P 500 MATERIALS INDEX	10.54%	9.45%	MSCI ACWI ex US	NDUEACWZ	32.39%	13.73%	Japanese Yen Spot	157.85	-0.75%
S&P 500 REAL ESTATE IDX	3.15%	5.05%	MSCI EAFE	MXEA	32.03%	9.84%	DOLLAR INDEX SPOT	101.93	3.67%
S&P 500 UTILITIES INDEX	16.04%	-4.72%	MSCI EM	MXEF	34.33%	23.81%			

Source: Bloomberg

As of: 10/4/2026

Total Return								
Bloomberg Barclays Bond Indices	2024	2025	YTD	Effective Duration	Avg. Maturity	Yield-to-Worst	Key Rates	
U.S. Aggregate	1.25%	7.30%	-2.86%	5.87	8.26	5.56%	Effective Fed Funds	3.88%
Intermediate	3.00%	6.97%	-1.44%	3.79	4.27	5.25%	2-yr Treasury	4.83%
Global Agg ex USD	-4.22%	8.85%	-2.75%	6.50	8.05	3.47%	10-yr Treasury	5.27%
Inv Grade Corporate	2.13%	7.77%	-3.13%	6.60	10.13	6.05%	10-yr German Bond	3.46%
U.S. Corporate High Yield	8.19%	8.62%	0.14%	3.59	4.71	8.29%	Prime Rate	7.00%
Tax Exempt							30 Year Fixed Mortgage	7.35%
Muni 1-10 Yr Blend (1-12)	0.91%	5.14%	-2.27%	4.55	6.35	4.15%		

Source: Bloomberg

As of: 10/4/2026

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