



Chartbook

As of September 30, 2025

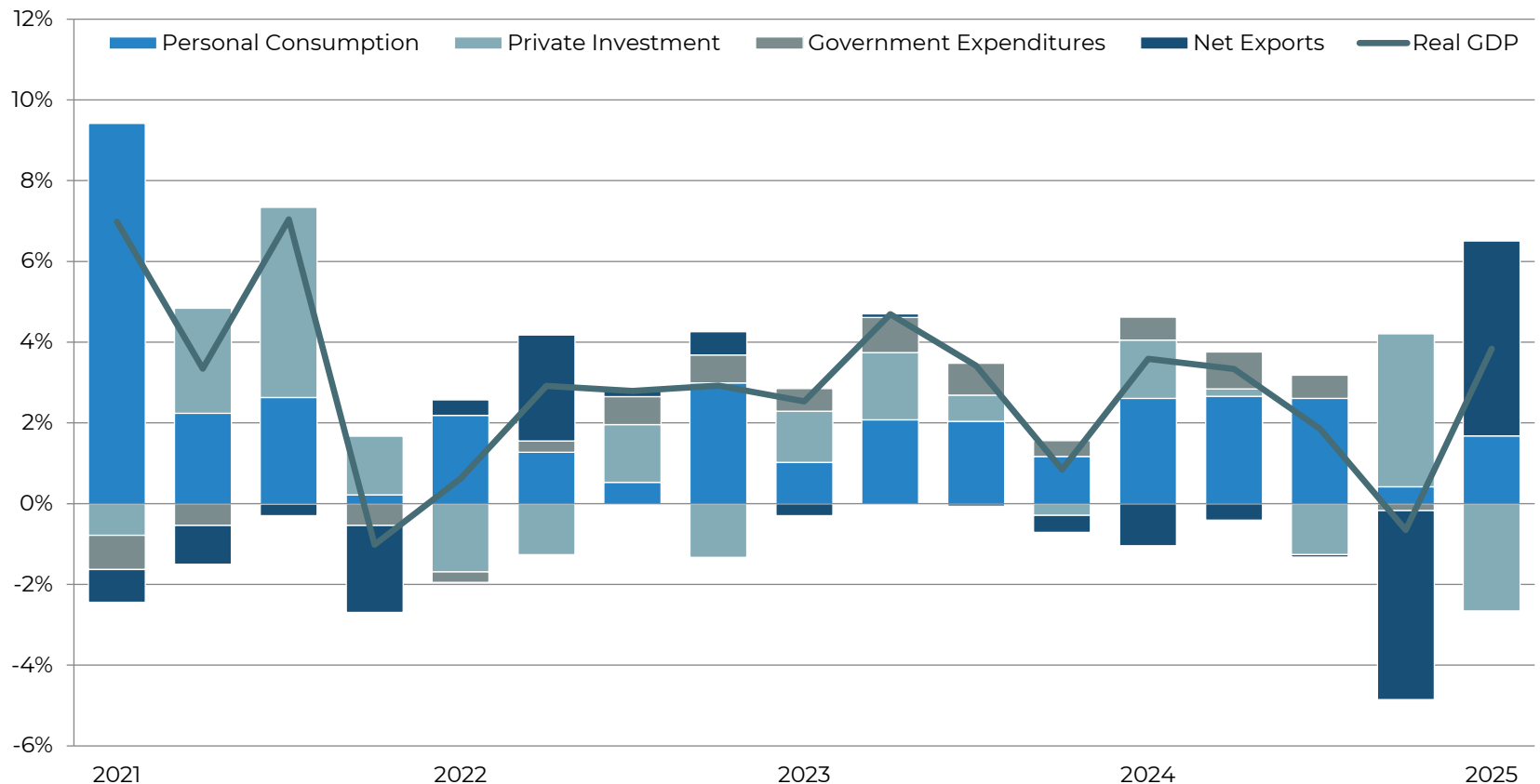
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**ECONOMIC
PERSPECTIVE**

The U.S. economy expanded at an annualized rate of 3.8% in the second quarter of 2025, a significant improvement from the 0.5% contraction seen in the first quarter. Growth was supported by a strong rebound in services spending, particularly in transportation and financial services, and a sharp decrease in imports. The solid GDP data could reduce the likelihood of aggressive interest rate cuts by the Federal Reserve, as the central bank also cited concerns about the labor market in its recent rate cut. Higher tariffs are expected to weigh on economic growth in the second half of 2025 and into 2026, with the effects likely to be most pronounced in the coming months. Policymakers are watching economic indicators, such as the personal consumption expenditures (PCE) price index, to gauge the economy's trajectory.

Economic Growth

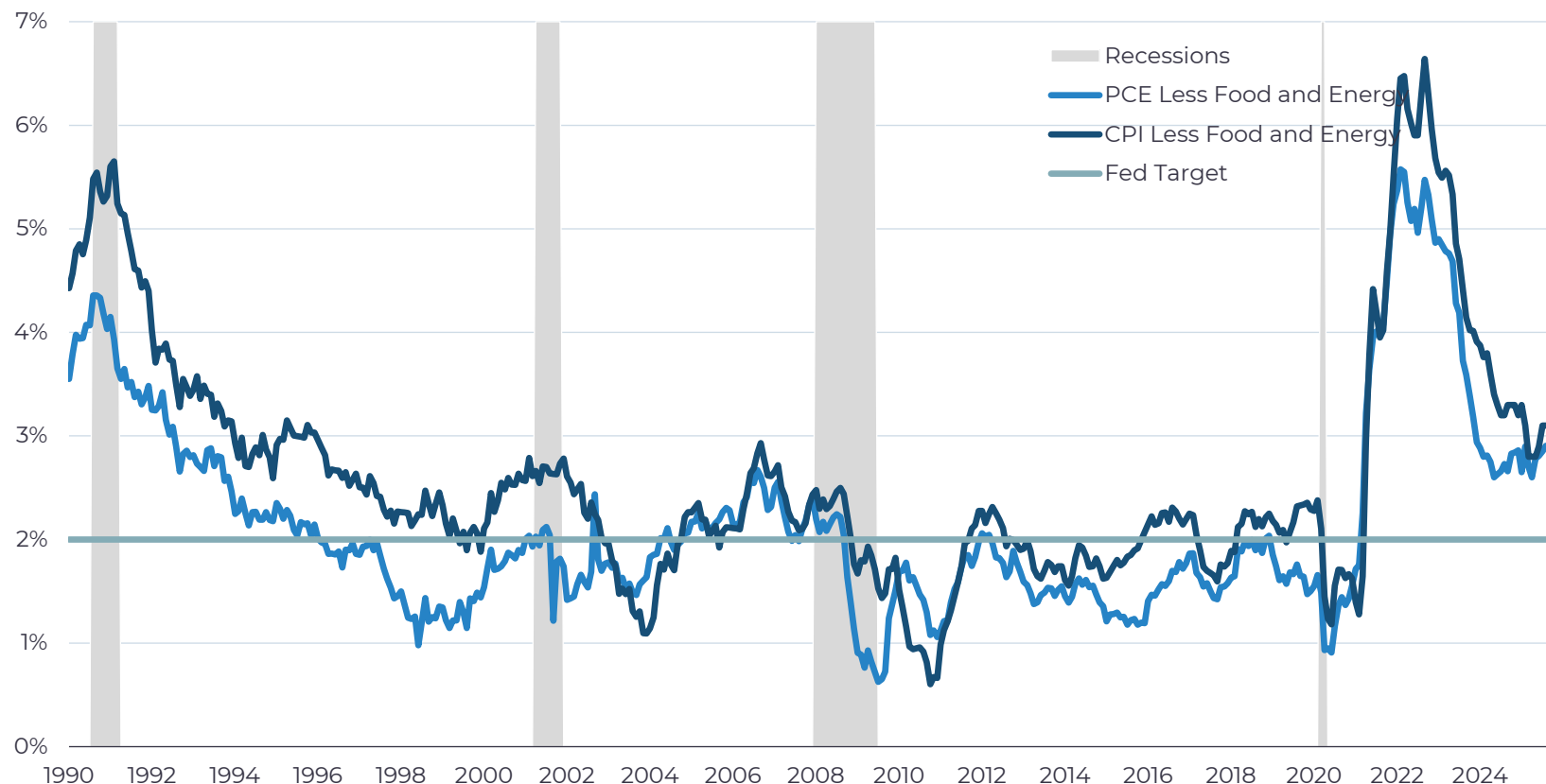
Contributions to Percent Change in Real GDP (Annualized Q/Q % Change)



U.S. consumer prices rose more than expected in August, with the CPI up 0.4% for the month and 2.9% tear-over-year, the highest since January. Core inflation - excluding food and energy - rose 0.3% monthly and 3.1% year-over-year, matching forecasts but remaining above the Federal Reserve's 2% target. The main inflation drivers were shelter (+0.4%), food (+0.5%), and energy (+0.7%), reflecting possible tariff effects. While producer prices fell 0.1%, service costs - a key Fed focus - rose 0.3% monthly and 3.6% annually. The data, combined with rising jobless claims, underscores the Fed's challenge in managing inflation and growth ahead of its upcoming policy meeting.

Inflation Outlook

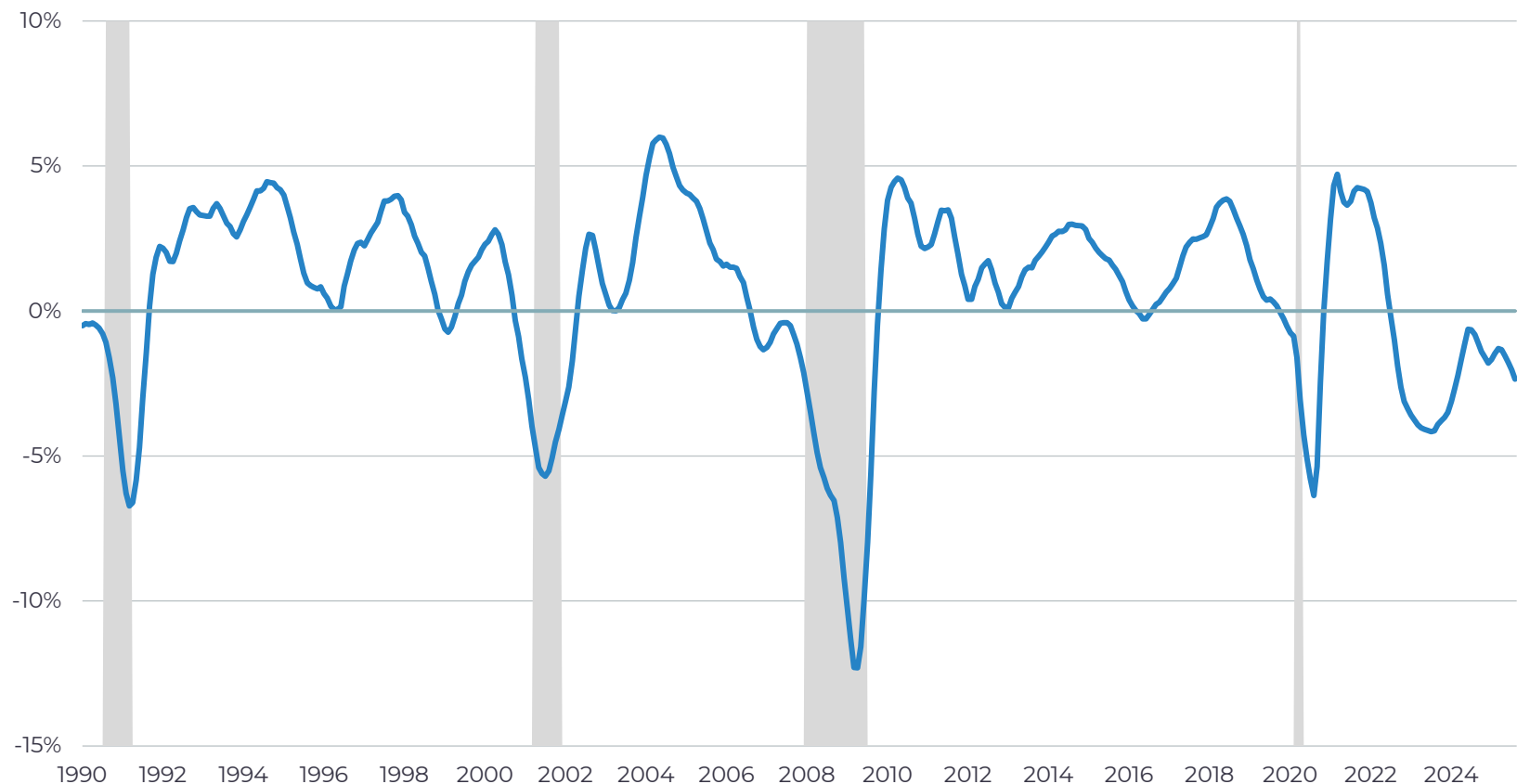
Consumer Price Index (Core) and Personal Consumption Expenditures Price Index (Core) (Y/Y % Change)



The Conference Board Leading Economic Index (LEI) for the U.S. fell 0.5% in August 2025 to 98.4, marking its largest decline since April and signaling continued economic slowdown. Over the past six months, the LEI dropped 2.8%, reflecting weakness in manufacturing orders, consumer expectations, and labor market indicators. Only stock prices and credit conditions provided support. Higher tariffs remain a key drag on growth, and the Conference Board projects GDP to rise just 1.6% in 2025, down from 2.8% in 2024. The Coincident Economic Index (CEI) rose 0.2% to 115.0, showing modest ongoing growth in employment, income, sales, and production. The Lagging Economic Index (LAG) edged up 0.1% to 120.0, continuing a mild upward trend. Overall, the data suggest slowing but not recessionary U.S. economic conditions.

U.S. Economic Outlook

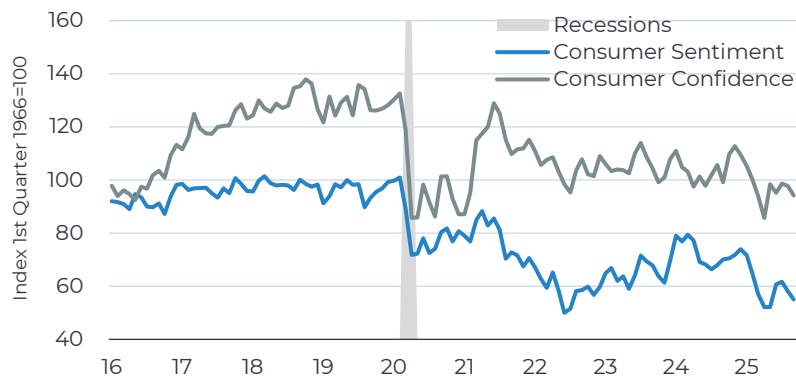
Leading Economic Index (Six-Month Moving Average of the Six-Month Rate of Change)



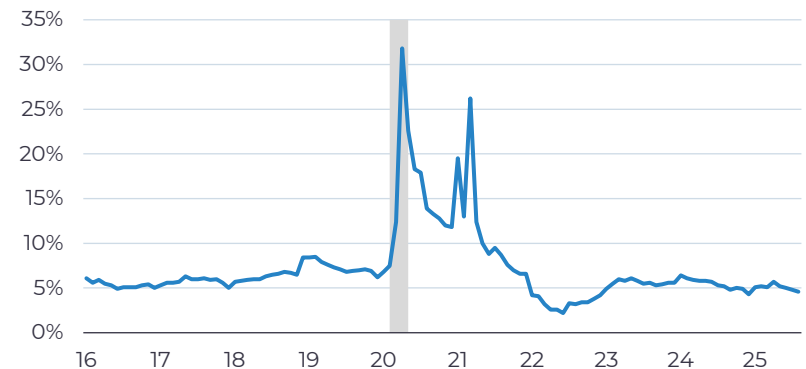
The Conference Board Consumer Confidence Index fell in September to its lowest level since April 2025, driven by a sharp decline in views of the current business and job market. The present situation index saw its largest drop in a year, with job availability assessments falling for the ninth consecutive month, reflecting weaker labor conditions. Expectations for future business and job prospects also softened, though income optimism provided some offset. Confidence rose among consumers under 35 but declined for older groups, with mixed results across income levels. Mentions of prices and inflation increased, again becoming the top concern, while tariff concerns eased slightly but stayed elevated. Inflation expectations dipped to 5.8% from 6.1%, still well above the 5.0% level at the end of 2024.

Consumer Outlook

Consumer Sentiment & Confidence Indexes



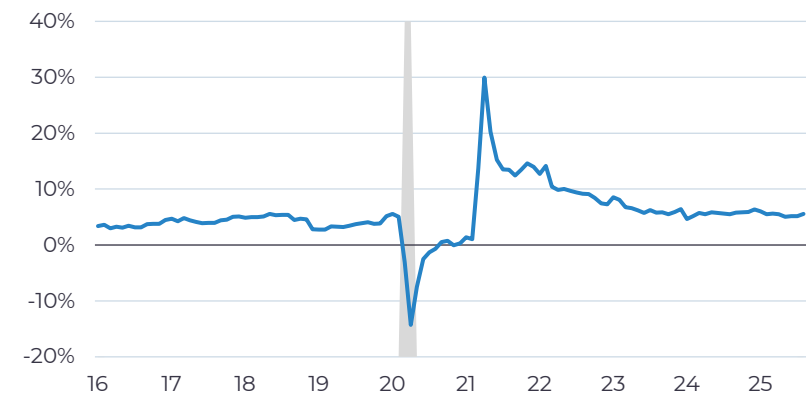
Personal Saving Rate (Seasonally Adjusted Annual Rate)



Disposable Personal Income (Y/Y % Change)



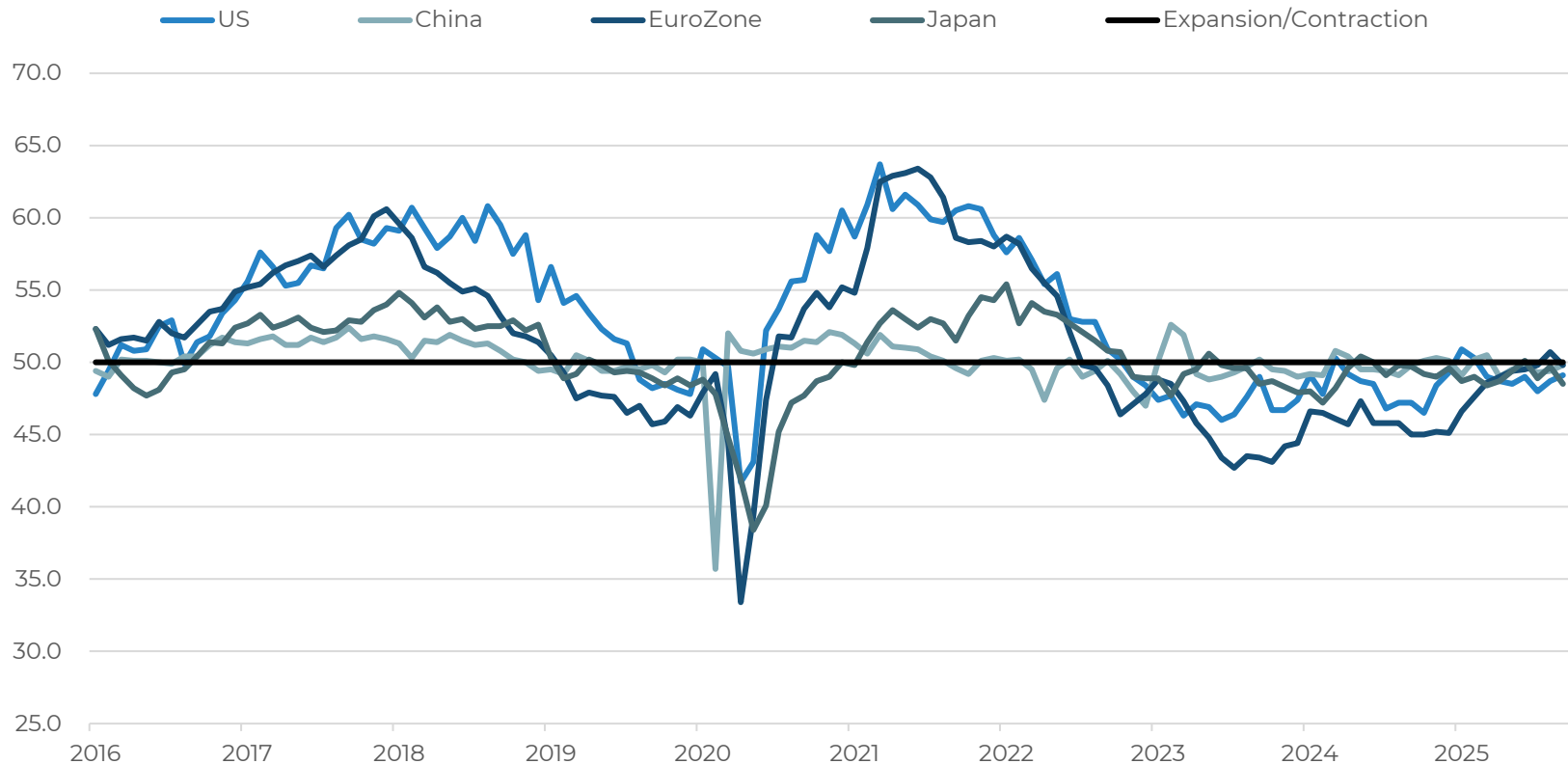
Personal Consumption Expenditures (Y/Y % Change)



Global economic growth slowed slightly in September 2025, according to the J.P. Morgan Global Composite PMI, which fell to 52.4 from 52.9 in August. The services sector continued to outperform manufacturing, though both saw easing growth, with PMI readings of 52.8 and 51.3, respectively. All six major industries expanded, led by financial services, while business services, consumer goods, intermediate goods, and investment goods grew more slowly. Across 15 countries, 10 reported growth, though most saw weaker momentum than in August. India led global growth, followed by the U.S. and Spain, while China, Japan, and Germany also recorded modest expansions. Overall, the upturn remained broad-based but losing strength, with employment levels flat and limited job creation.

Global Economic Outlook

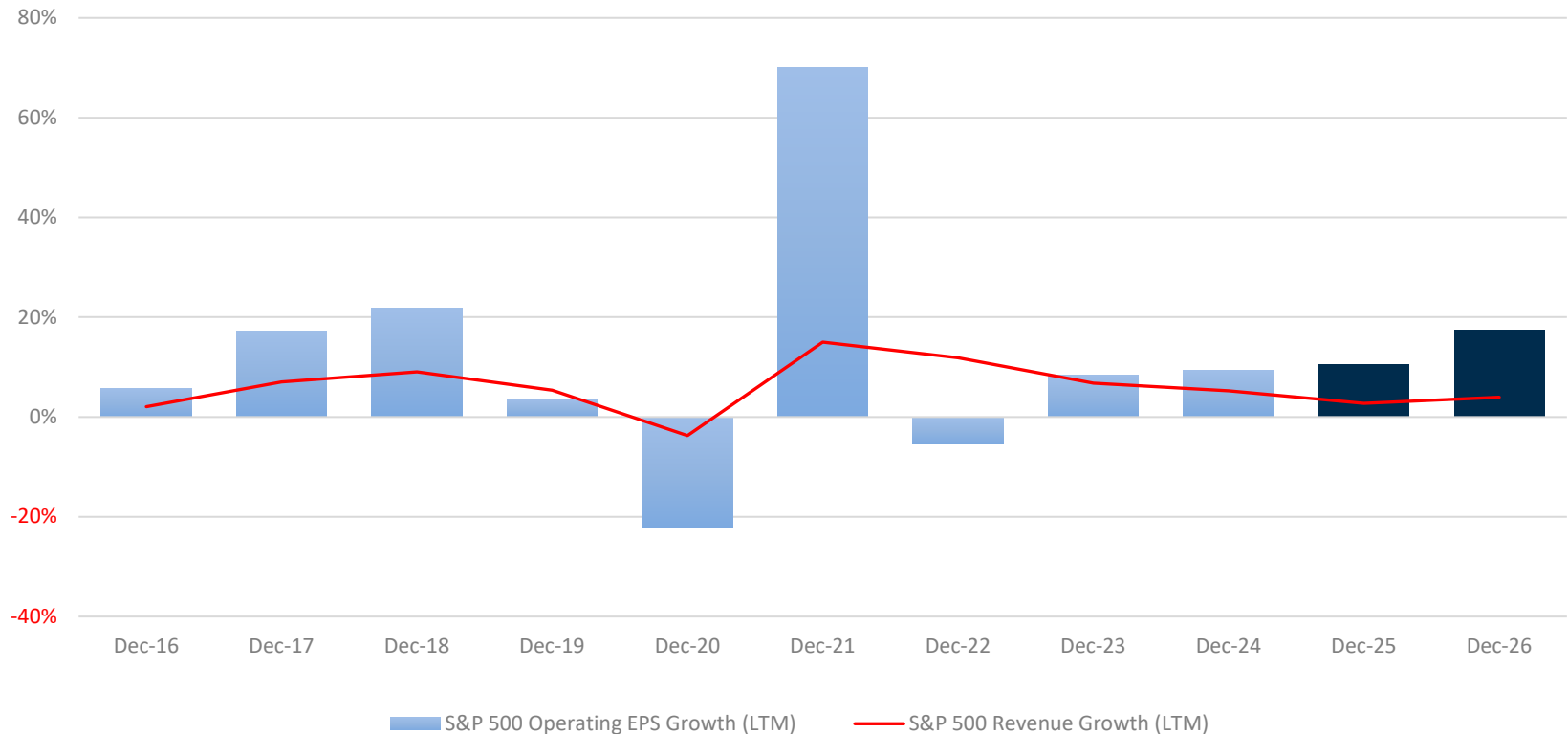
Manufacturing Purchasing Managers Index (PMI) (A PMI over 50 represents growth in manufacturing)



According to FactSet, the bottom-up price target for the S&P 500 over the next 12 months is 7393. At the sector level, the Consumer Staples (+14.3%) sector is expected to see the largest price increase. On the other hand, the Utilities (+6.6%) sector is expected to see the smallest price increase. Overall, there are 12,459 ratings on stocks in the S&P 500. Of these 12,459 ratings, 55.9% are Buy ratings, 38.8% are Hold ratings, and 5.2% are Sell ratings. At the sector level, the Information Technology (65%), Energy (64%), and Communication Services (63%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (42%) sector has the lowest percentage of Buy ratings.

Corporate Profitability

S&P 500 Operating Earnings Per Share and Revenue Per Share Growth (Y/Y % Change)



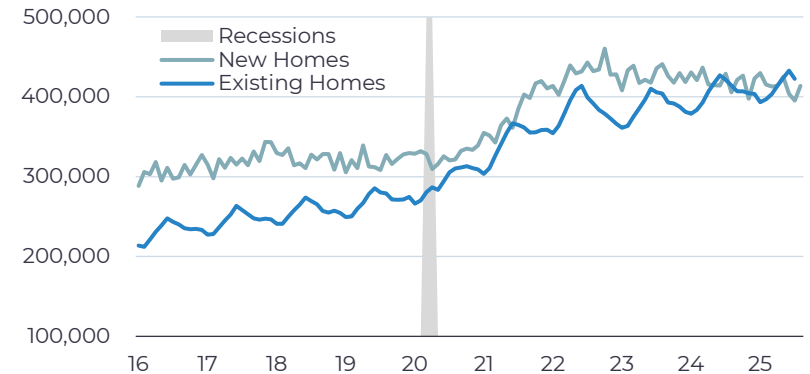
In September, nearly 20% of U.S. homes for sale had a price reduction, reflecting rising inventory and shifting bargaining power to buyers. Mid-market homes (\$350K–\$500K) saw the steepest cuts (21.6%), while luxury properties (>\$1M) were less likely to drop prices (13.3%). High-end sellers can often wait to sell, whereas entry- and mid-tier sellers adjust prices more quickly to facilitate moves. Regional trends varied with 14% of listings in the Northeast reduced prices, compared with 21% in the South and West. Active inventory rose 17% year-over-year, keeping listings above 1 million for the fifth month in a row, though still 14% below pre-pandemic levels. Homes are also taking longer to sell, with median time on market at 62 days, while the median list price held steady at \$425,000, up 36% from 2019.

Housing Market Outlook

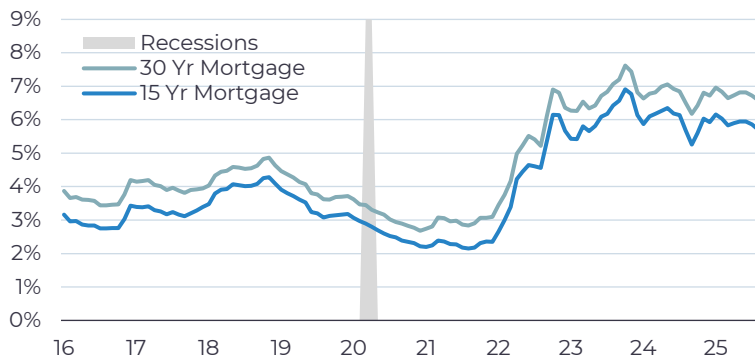
Housing Affordability (higher = more affordable)



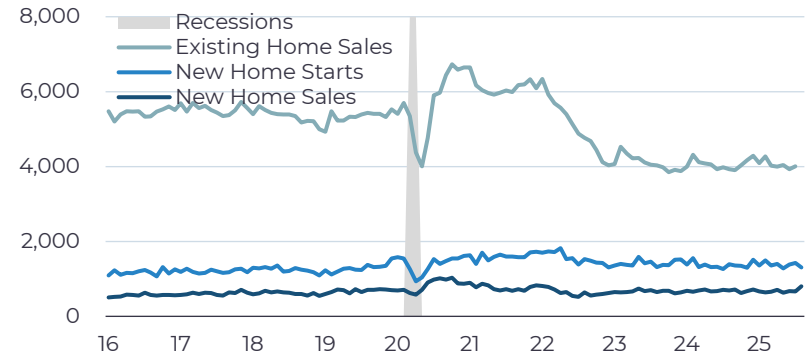
Median Selling Price of New and Existing Homes



Average Fixed Rate Mortgage in the U.S.®



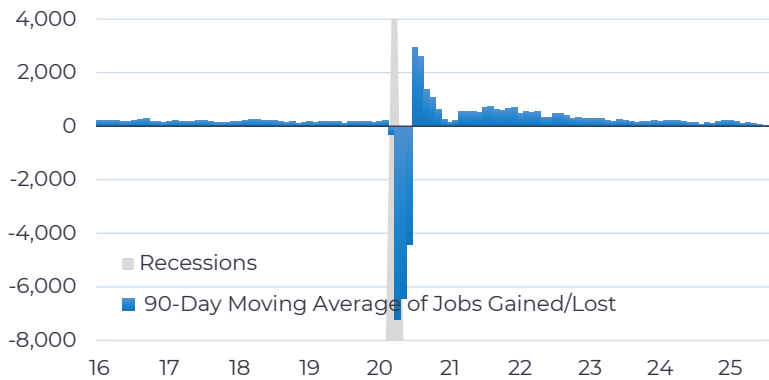
Housing Starts, Existing Home Sales and New Home Sales (000's)



Due to the recent government shutdown, the September U.S. jobs report has been delayed.

Labor Market Outlook

Jobs Gained/Lost (000's) with 12-Month Moving Average



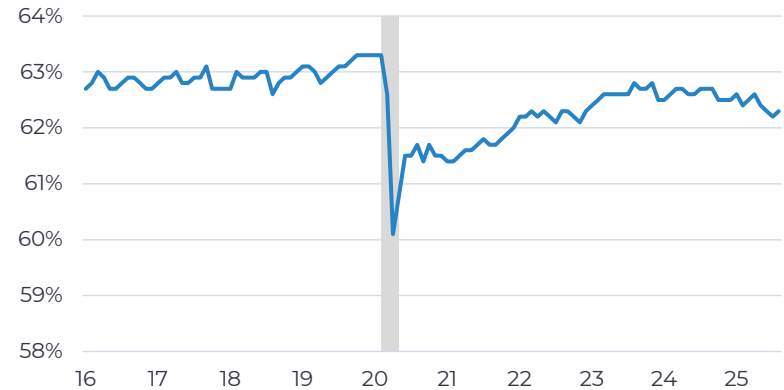
Labor Market Slack (000's)



Wage Growth (Y/Y % Change)



Labor Force Participation Rate



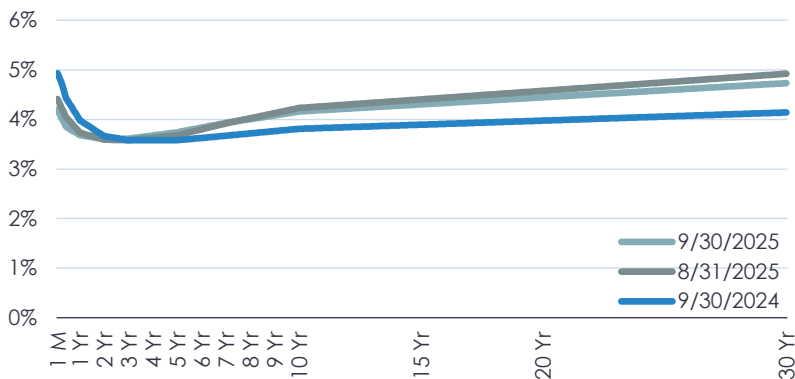
The background is an aerial photograph of a bridge spanning a river, with rocky banks on either side. A solid teal color is overlaid on the entire image. In the center, the text "BOND MARKET PERSPECTIVE" is written in white, bold, sans-serif capital letters. A thin teal horizontal line is positioned directly below the text. At the bottom center, there is a graphic of several concentric teal circles.

BOND MARKET PERSPECTIVE

U.S. investment-grade (IG) credit spreads have shown remarkable resilience, holding near historic lows despite macroeconomic uncertainty. The Bloomberg U.S. Corporate IG Index's spread of 74 bps is just above its year-to-date low and far below the 30-year average of 137 bps, reflecting strong technical support and steady investor demand. Issuance surged to \$207.5 billion in September as companies capitalized on favorable conditions. Demand remains robust, with oversubscribed deals and potential for October issuance to exceed expectations. In high yield (HY) markets, activity was similarly strong, with \$57.6 billion in new issuance, the biggest month since 2020 and third largest ever. While HY yields remain attractive, spreads have tightened, limiting upside potential and raising sensitivity to volatility.

U.S. Treasury Market

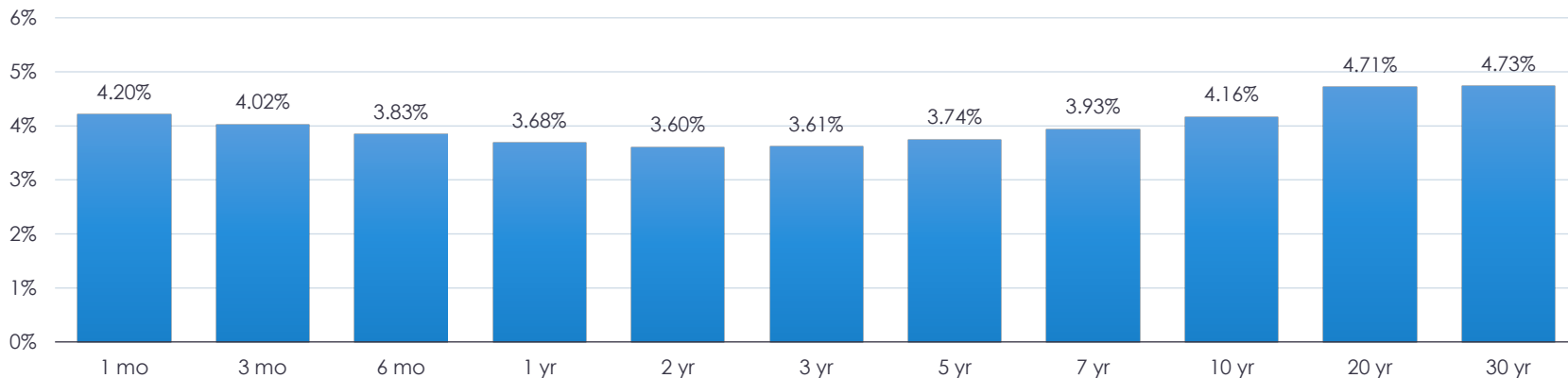
U.S Treasury Yield Curve



Historical U.S. 10-Year Treasury Rate

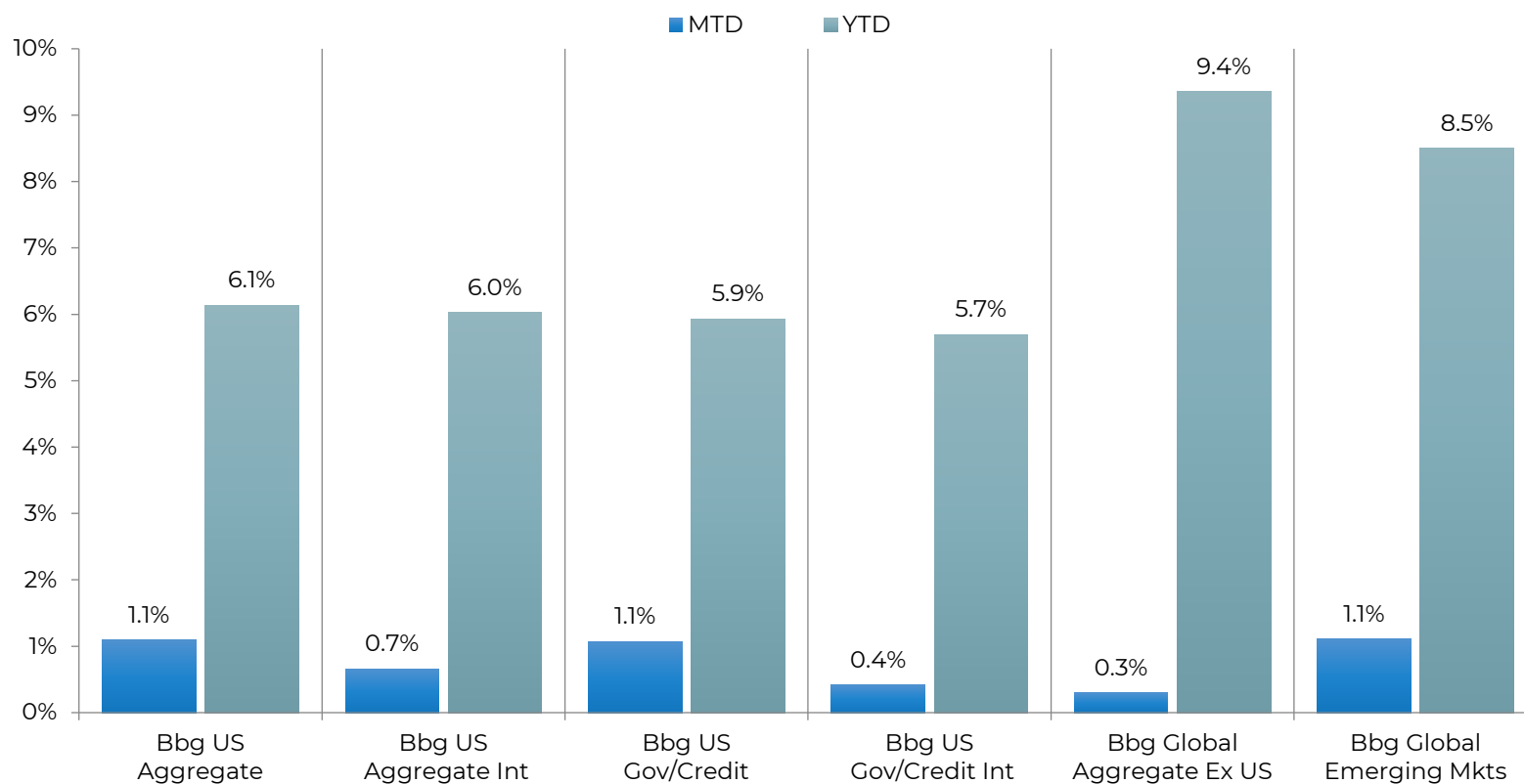


Current U.S. Treasury Yields by Maturity



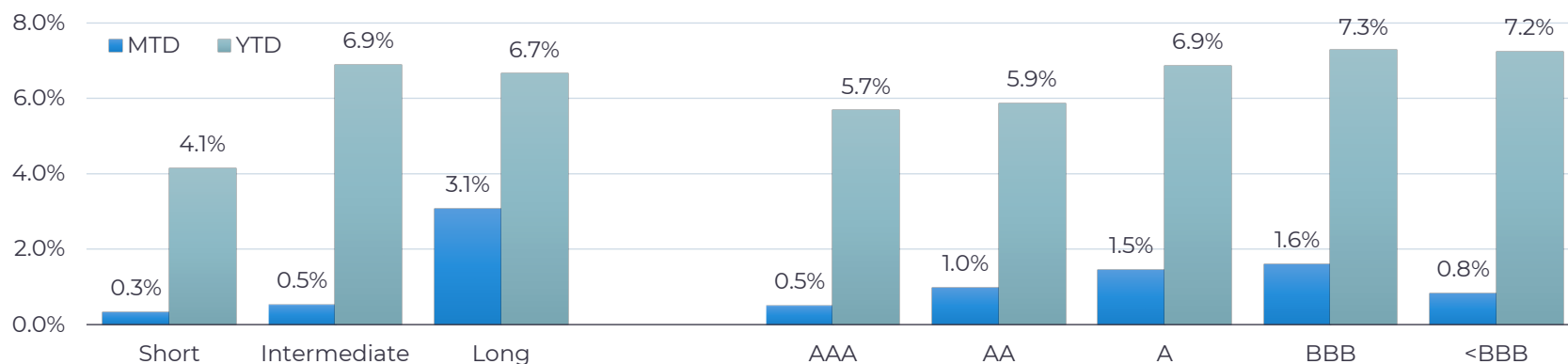
Source: U.S. Department of Treasury

Global Fixed Income Returns by Bellwether Index

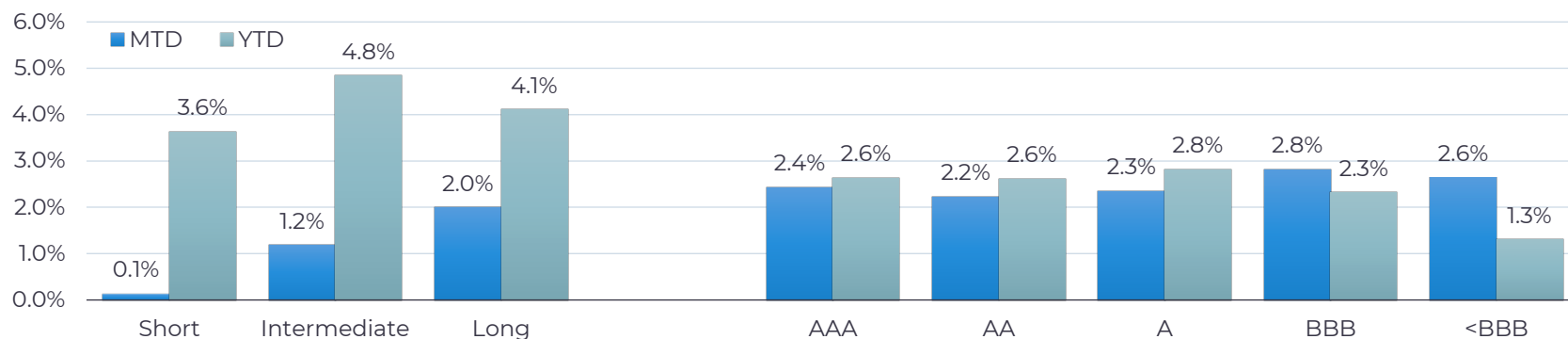


Domestic Fixed Income Returns by Maturity and Credit Quality

Domestic Bond Market - Taxable

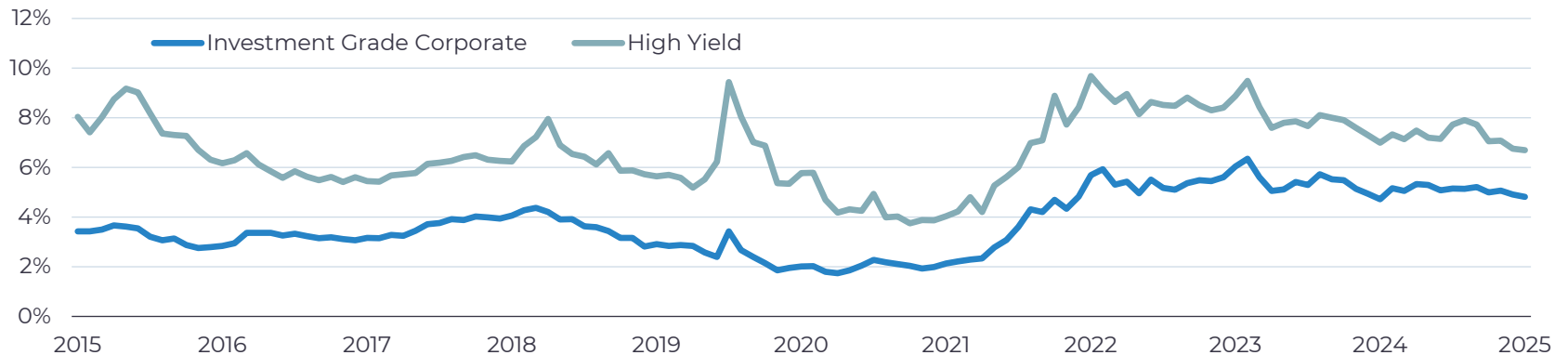


Domestic Bond Market - Municipal

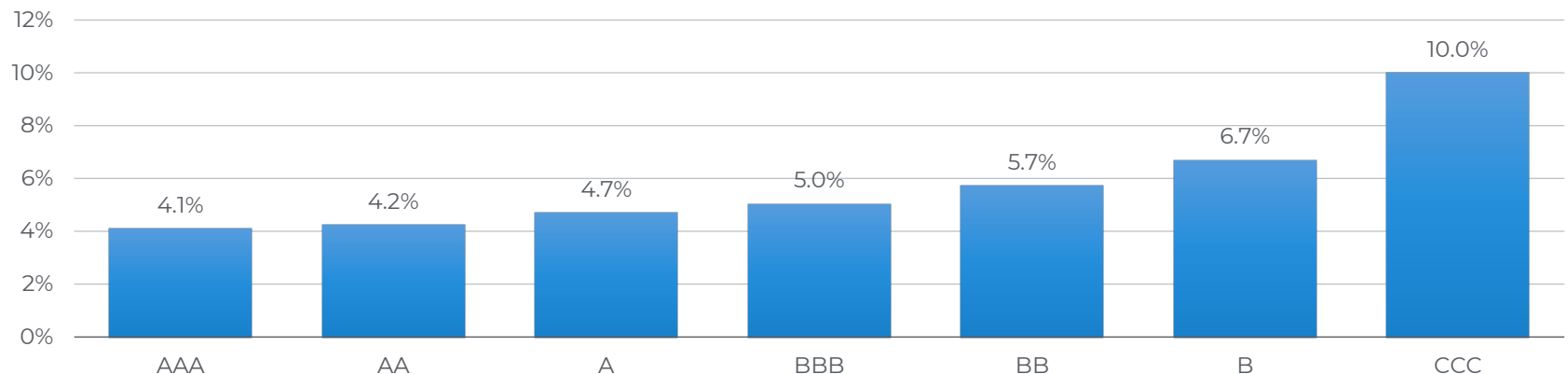


Domestic Fixed Income Bond Yields

Historical Corporate Bond Market Yield to Worst



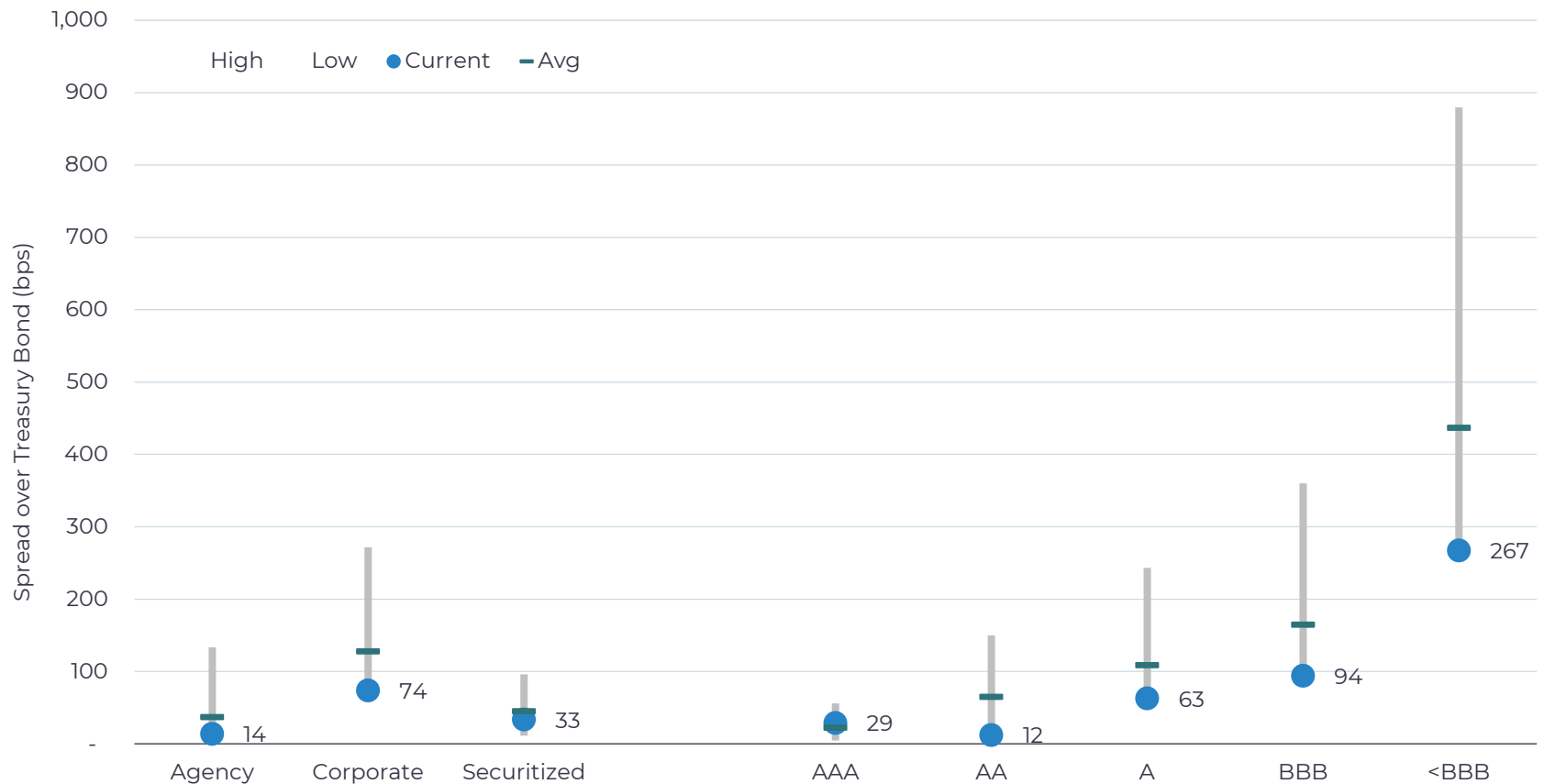
Current Corporate Bond Market Yields by Credit Quality



Investment Grade Corporate bonds are represented by the Bloomberg Barclays U.S. Corporate Investment Grade index. High Yield bonds are represented by the Bloomberg Barclays U.S. Corporate High Yield index. Source: Bloomberg Barclays

Domestic Fixed Income Bond Spreads

Current Bond Spreads Compared to 15-Year Range and 15-Year Average



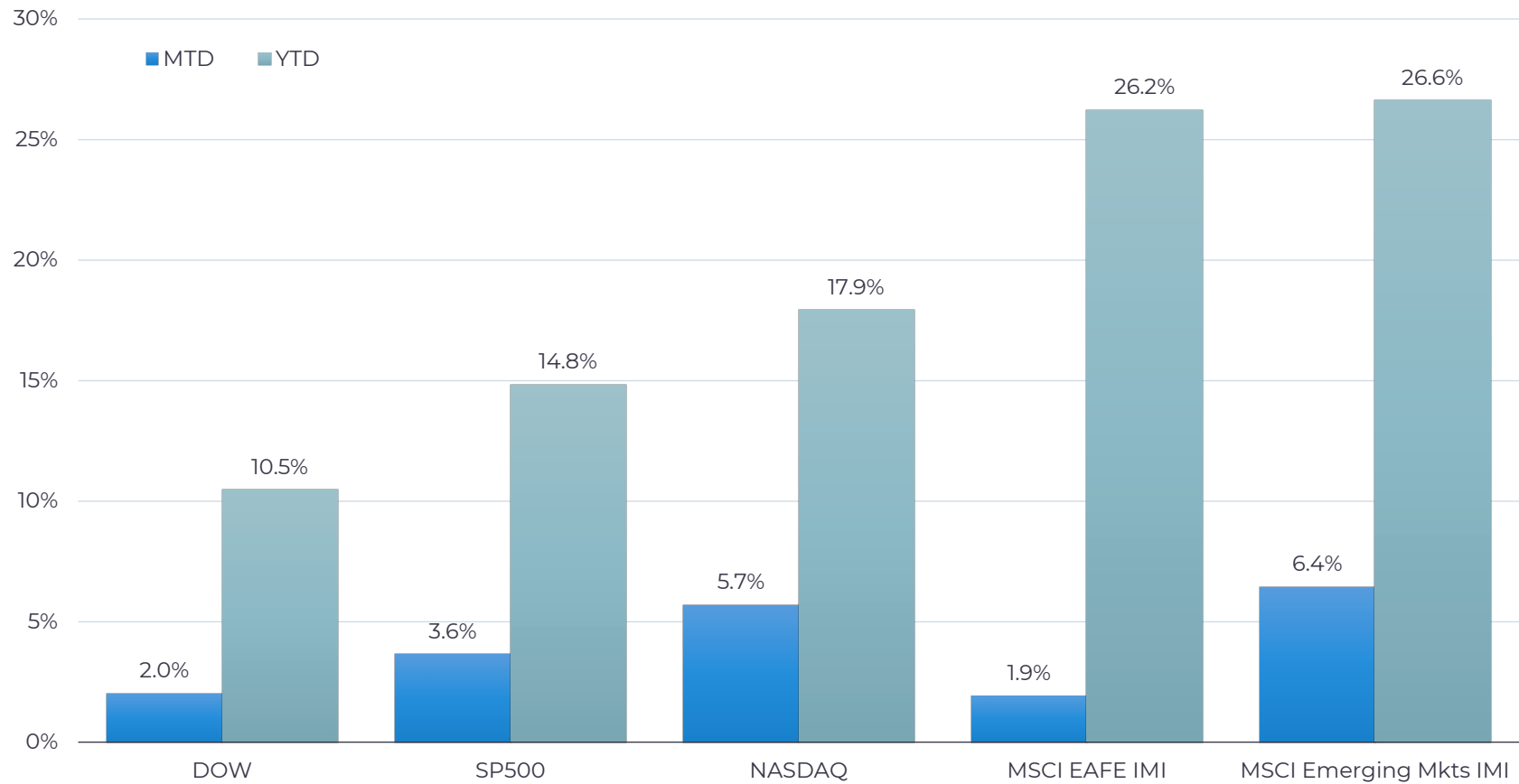
The length of each bar represents the Range of the highest and lowest spread to the Treasury benchmark over the past 15 years. Average represents the average spread over the past 15 years. Current represents the most recent month. Source: Bloomberg Barclays

**EQUITY MARKET
PERSPECTIVE**

U.S. stocks climbed strongly in September, with the S&P 500 up 3.6%, its fifth consecutive monthly gain and best September in 15 years. The index is now up 14.87% year-to-date and 34.2% above its April low. Technology and Communication Services led the rally, while Materials and Consumer Staples lagged amid sticky inflation. The Nasdaq gained 5.7%, and small caps rose 3.1%, with the Russell 2000 hitting its first all-time high since 2021. However, market breadth narrowed as large-cap stocks, particularly the “Magnificent 7,” up 9%, drove most of the gains, leaving the top 10 S&P 500 companies representing over 40% of the index. Emerging markets marked their ninth consecutive monthly gain, primarily driven by key regions like Asia, and improving investor sentiment for the asset class.

Global Equity Returns by Bellwether Index

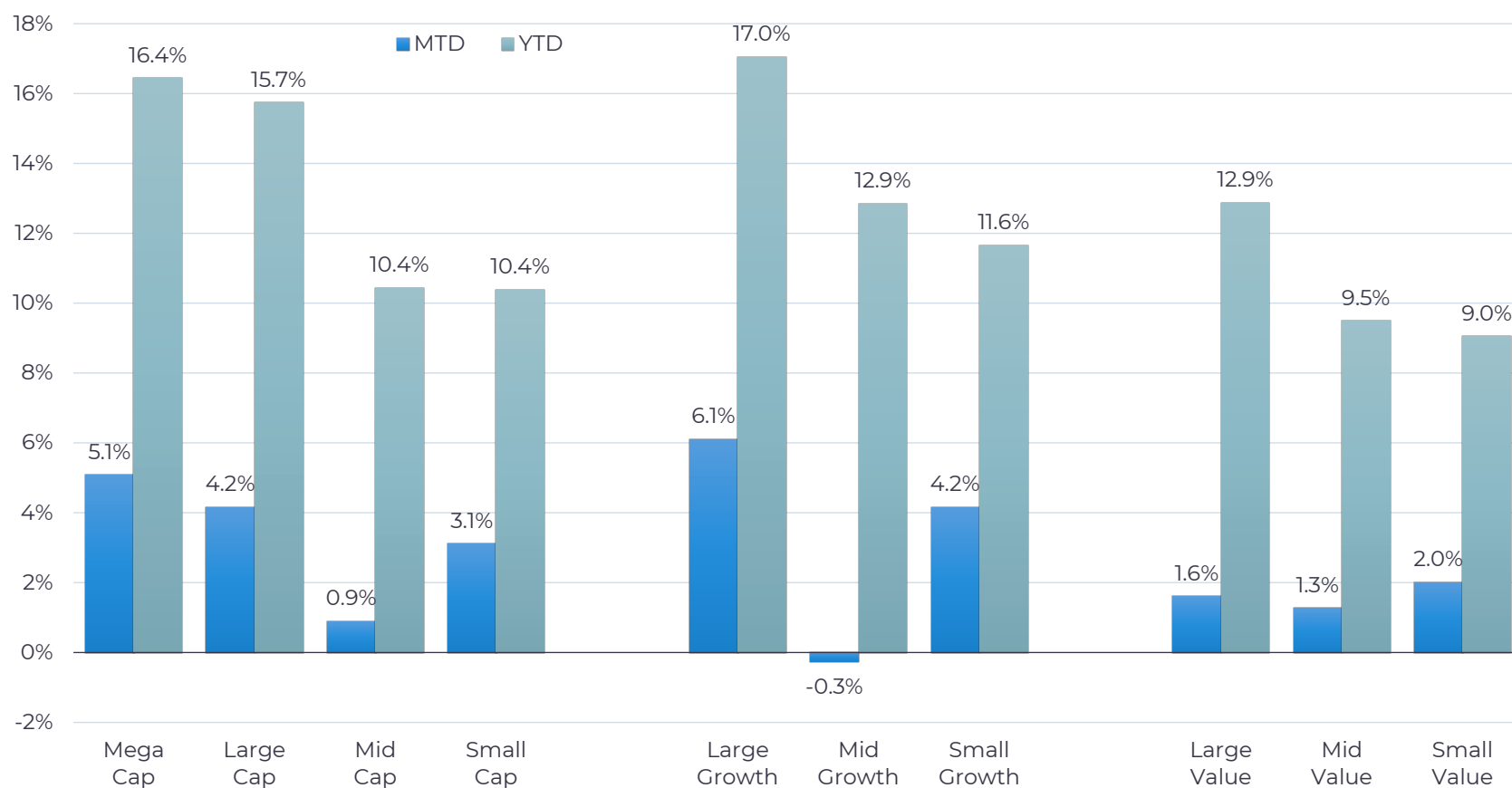
Global Equity Markets



Source: S&P Dow Jones, NASDAQ, MSCI

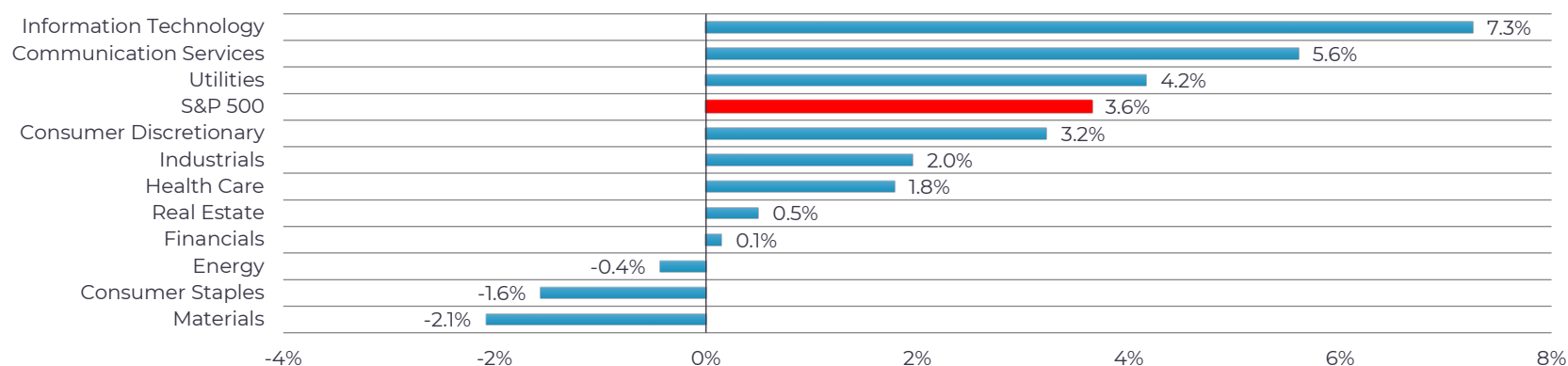
Domestic Equity Returns by Market Cap & Style

Domestic Equity Markets

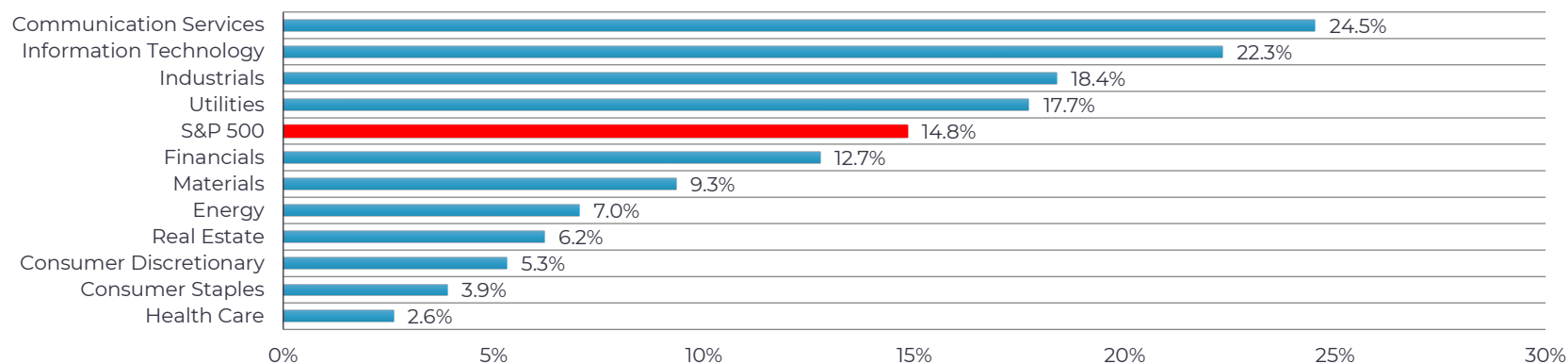


Domestic Equity Returns by Sector

MTD S&P 500 Returns by Sector

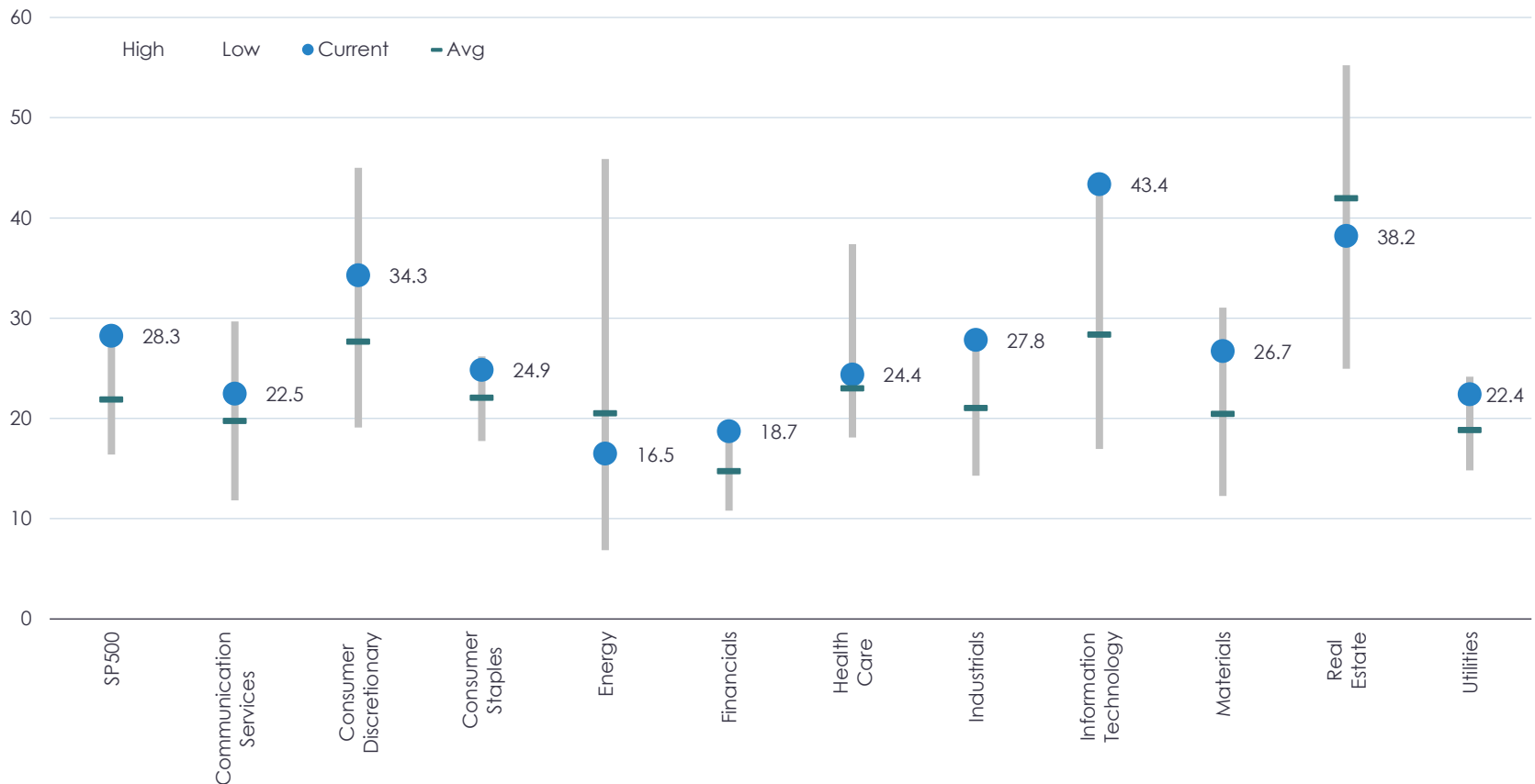


YTD S&P 500 Returns by Sector



Domestic Equity Valuations by Sector

Trailing 12 Month P/E Ratio Compared to 10-Year Range and 10-Year Average



P/E ratios are based on trailing 12 months earnings (LTM) excluding negative earnings. The length of each bar represents the Range of the highest and lowest P/E ratio over the past 10 years. Average represents the average P/E ratio over the past 10 years. Current represents the most recent month. Source: Bloomberg

Economic Indicator Descriptions

- **Real Gross Domestic Product (GDP):** GDP is a basic measure of U.S. economic output adjusted for inflation. Alternatively, it can be thought of as the final value of all goods and services produced within the U.S. Positive GDP growth signals an expanding economy.
- **Consumer Price Index (CPI):** Measuring the change in the CPI provides an estimate for inflation. The CPI tracks the price of a basket of consumer goods and services. High inflation or deflation (negative inflation) can be signs of economic worry. CPI is typically reported in two ways: headline and core CPI. Headline CPI includes all categories that comprise the CPI basket of goods and services.
- **Personal Consumption Expenditure Chain-type Price Index (PCEPI):** Measuring the change in the PCEPI provides an estimate for inflation. In comparison to CPI, which uses one set of expenditure weights for several years, this index uses expenditure data from the current period and the preceding period. This price index method assumes that the consumer has substituted from goods whose prices are rising to goods whose prices are stable or falling. Core PCEPI, which is closely monitored by the Fed, strips out the more volatile Food and Energy categories.
- **Conference Board Index of Leading Economic Indicators (LEI):** The LEI is designed to signal peaks and troughs in the business cycle. The ten components include: average weekly manufacturing hours; average weekly initial claims for unemployment insurance; manufacturers' new orders for consumer goods and materials; ISM® Index of New Orders; manufacturers' new orders for nondefense capital goods excluding aircraft orders; building permits for new private housing units; stock prices of 500 common stocks; Leading Credit Index™; interest rate spread on 10-year Treasury bonds less federal funds and average consumer expectations for business conditions.
- **The Institute for Supply Management (ISM) PMI Index:** The PMI is a composite index of five "sub-indicators", which are extracted through surveys to purchasing managers from around the country. The five sub-indexes are: Production, New orders, Supplier deliveries, Inventories and Employment level. An Index value over 50 indicates expansion; below 50 indicates contraction.
- **The Institute for Supply Management (ISM) Non-manufacturing Index (NMI):** The NMI is a composite index of four "sub-indicators", which are extracted through surveys to purchasing managers. The four sub-indexes: Business activity, New orders, Employment, Supplier deliveries. An Index value over 50 indicates expansion; below 50 indicates contraction.
- **Consumer Confidence Index (CCI):** The Consumer Confidence Index is a well-known proxy for the attitudes of U.S. consumer towards the business climate, personal finances and spending. This index attempts to measure the confidence that consumers have in the overall economy. This is important because consumer spending accounts for a large portion of U.S. GDP.
- **Consumer Sentiment Index (MCSI):** The MCSI uses telephone surveys to gather information on consumer expectations regarding the overall economy. The MSCI is becoming more useful for investors because it gives a monthly snapshot of whether consumers feel like spending money by accessing their views on the business climate, personal finance, and spending in order to judge their level of optimism/pessimism. This is important because consumer spending accounts for a large portion of U.S. GDP.
- **Disposable Personal Income per Capita (DPI):** DPI is the amount of money that households have available for spending and saving after income taxes have been accounted for. DPI is monitored to gauge the overall state of the economy.
- **Personal Consumption Expenditures (PCE):** PCE consists of the actual and imputed expenditures of households including durables, non-durables and services.
- **Retail Sales:** The retail sales report captures in-store sales as well as catalog and other out-of-store sales. The report also breaks down sales figures into groups such as food and beverages, clothing, and autos. The results are often presented two ways: with and without auto sales being counted, because their high sticker price can add extra volatility to the data.
- **Housing Affordability Index (HAI):** Published monthly by the National Association of Realtors, the HAI index has a value of 100 when the median-income family has sufficient income to purchase a median-priced existing home. A higher index number indicates that more households can afford to purchase a home.
- **Unemployment Rate:** Calculated monthly by the Bureau of Labor Statistics, the unemployment rate is a gauge of the health of the U.S. labor market. High unemployment can stifle the growth of the economy.
- **Wage Growth:** Calculated quarterly by the Bureau of Labor Statistics, the employment cost index measures the growth of employee compensation (wages and benefits). The index is based on a survey of employer payrolls in the final month of each quarter. The index tracks movement in the cost of labor, including wages, fringe benefits and bonuses for employees at all levels of a company. We are using the wage component of this index.

Benchmark Descriptions

- **U.S. Aggregate Bond:** The Barclays U.S. Aggregate Bond Index measures the performance of USD-denominated, SEC-registered, investment-grade, fixed-rate or step up, taxable bonds. The index includes bonds from the Treasury, Government-Related, Corporate and MBS, ABS, and CMBS sectors. Securities included in the index must have at least one year until final maturity.
- **U.S. Treasury:** The Barclays Capital U.S. Treasury Index measures the performance of public obligations of the U.S. Treasury with a remaining maturity of one year or more.
- **U.S. Agency:** The Barclays Capital U.S. Agency Bond Index measures the performance of the agency sector of the U.S. government bond market and is comprised of investment-grade USD-denominated debentures issued by government and government-related agencies, including FNMA. The index includes both callable and non-callable securities that are publicly issued by U.S. government agencies, quasi-federal corporations, and corporate and foreign debt guaranteed by the U.S. government.
- **U.S. Corporate:** The Barclays Capital U.S. Corporate Bond Index measures the performance of publicly issued USD-denominated corporate and Yankee debentures and secured notes that meet specified maturity, liquidity, and quality requirements.
- **U.S. MBS:** The Barclays Capital U.S. Mortgage Backed Securities Index measures the performance of mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).
- **U.S. Municipal Bond:** The Barclays Capital Municipal Bond Index measures the performance of the USD-denominated, investment grade, fixed-rate tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and pre-refunded bonds. Securities included in the index must have at least one year until final maturity.
- **General Obligation Bond Index:** The Barclays General Obligation Bond Index measures the average market-weighted performance of general obligations securities that have been issued in the last five years with maturities greater than one year.
- **Revenue Bond Index:** The Barclays Revenue Bond Index measures the average market-weighted performance of revenue backed securities that have been issued in the last five years with maturities greater than one year.
- **Investment Style:** Performance of different types of stocks will vary over time. A common way to characterize a stock is by market capitalization (e.g., large cap or small cap) or style (e.g., value or growth).
- **Large Cap vs. Small Cap:** Large companies tend to be more established companies and therefore exhibit lower volatility. Over an extended period of time, expected returns of small cap companies are often higher due to the risks associated with smaller, less established companies.
- **Value vs. Growth:** Value companies typically trade at discount valuations and may pay a dividend. Growth companies are those that are experiencing greater earnings growth prospects.
- **Mega Cap:** The Russell Top 50 Index measures the performance of the top 50 largest companies in the Russell 1000 Index, which represents approximately 40% of the total market capitalization of the Russell 1000 index.
- **Large Cap:** The Russell Top 200 Index measures the performance of the 200 largest companies in the Russell 1000 Index, which represents approximately 68% of the total market capitalization of the Russell 1000 index.
- **Mid Cap:** The Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 36% of the total market capitalization of the Russell 1000 Index.
- **Small Cap:** The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.
- **Large Cap Growth:** The Russell 1000 Growth Index measures the performance of those Russell 1000 index companies with higher price-to-book ratios and higher forecasted growth values.
- **Large Cap Value:** The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.
- **Mid Cap Growth:** The Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values.
- **Mid Cap Value:** The Russell Midcap Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values.
- **Small Cap Growth:** The Russell 2000 Growth Index measures the performance of those Russell 2000 Index companies with higher price-to-value ratios and higher forecasted growth values.
- **Small Cap Value:** The Russell 2000 Value Index measures the performance of those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.



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