

September Observations

The Rally Continues

Markets were broadly positive in September as U.S. stocks defied the “September Effect,” with the S&P 500 up 3.7% and the Russell 2000 gaining 3.1%. Gains were led by large-cap tech, boosted by AI enthusiasm, and lower-quality small caps, which benefited from the Fed’s rate cut and expectations for further easing in 2025. Emerging markets outperformed, with China, South Korea, and Taiwan posting high single-digit returns, while developed non-U.S. markets lagged broader markets as Europe was up about 1% for the month after strong gains earlier this year. Bonds rose as rates fell and spreads tightened, while real assets were mostly higher, led by gold’s 10% rally on central bank buying, tail-risk concerns, and momentum flows.

Fed Cuts Rates for the First Time in 2025

As anticipated, the Federal Reserve lowered rates by 25 basis points to 4.0%-4.25% and signaled the possibility of two additional cuts later this year. Notably, there was only one dissenting vote, the newly appointed Governor Stephen Miran, who favored a more aggressive 50-basis-point cut. Equally significant, Governors Waller and Bowman, both reportedly under consideration to succeed Chairman Powell, voted in line with the rest of the committee. By siding with the majority, they indicated they care more about maintaining the Fed’s institutional independence despite outside political pressures.

Government Shutdown (Again)

With the government shutdown beginning October 1, markets now face a data vacuum as key releases like jobless claims and the September jobs report are delayed. While shutdowns typically have minimal and short-lived economic impact, the interruption to official data adds uncertainty for both the Fed and investors. Still, private sector and high-frequency indicators continue to show a clear trend of weakening labor demand, suggesting slack is building in the job market.

Asset Manager Commentary

International Value Manager

Stretched U.S. equity sentiment could create favorable conditions for international markets, which have shown signs of strength in 2025. Europe may benefit from increased security-related spending, including Germany’s new 10-year defense plan, while Japan’s market reforms could help unlock value in companies with strong balance sheets and historically low valuations.

Real Estate Manager

A recent \$17 billion satellite spectrum deal between SpaceX and EchoStar has raised questions about the competitive impact on U.S. telecom towers. However, limitations around in-building coverage, capacity, and latency suggest satellite networks will remain complementary rather than disruptive. Market pressure on tower operators appears overstated, though developments in satellite expansion should continue to be monitored.

Private Market Data Aggregator

Global venture capital (VC) exits reached \$144 billion in Q3, driven by large U.S. listings. Artificial intelligence (AI) companies were significant contributors, making up 42% of exit value and 32% of transactions. AI also fueled dealmaking, accounting for 64% of U.S. VC deal value and nearly 40% of transactions.

Market Returns – 9.30.2025

		1-Mo	QTD	YTD	2024	2023	2022
Equity	S&P 500	3.7%	8.1%	14.8%	25.0%	26.3%	-18.1%
	Nasdaq Composite	5.7%	11.4%	17.9%	29.6%	44.6%	-32.5%
	Russell 1000 Growth	5.3%	10.5%	17.2%	33.4%	42.7%	-29.1%
	Russell 1000 Value	1.5%	5.3%	11.7%	14.4%	11.5%	-7.5%
	Russell 2000	3.1%	12.4%	10.4%	11.5%	16.9%	-20.4%
	MSCI EAFE	1.9%	4.8%	25.1%	3.8%	18.2%	-14.5%
	MSCI Emerging Markets	7.2%	10.6%	27.5%	7.5%	9.8%	-20.1%
Fixed Income	Treasury	0.8%	1.5%	5.4%	0.6%	4.1%	-12.5%
	Municipal	2.3%	3.0%	2.6%	1.1%	6.4%	-8.5%
	Aggregate	1.1%	2.0%	6.1%	1.3%	5.5%	-13.0%
	Investment Grade Corporate	1.5%	2.6%	6.9%	2.1%	8.5%	-15.8%
	High Yield Corporate	0.8%	2.5%	7.2%	8.2%	13.4%	-11.2%
FX	US Dollar Index	0.0%	0.9%	-9.9%	7.1%	-2.1%	7.9%
Real Assets	Real Estate	0.3%	2.7%	4.5%	4.3%	11.5%	-25.1%
	Infrastructure	1.5%	3.5%	18.9%	14.0%	5.8%	-1.0%
	Oil	-1.6%	-0.9%	-9.2%	-4.2%	-10.3%	10.5%
	Gold	10.5%	16.4%	44.8%	26.6%	12.8%	-0.7%

Asset Class Valuations – 9.30.2025*

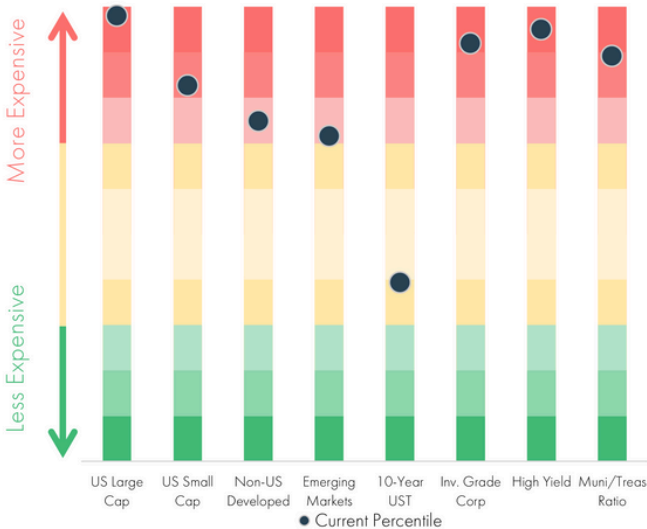
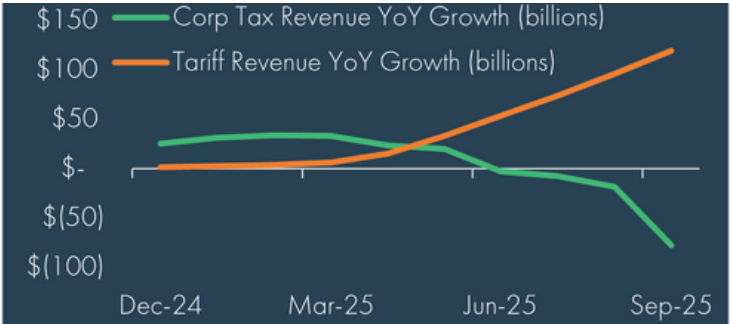


Chart of the Month



Source: Bloomberg, US Treasury Department as of 9/30/2025; See important information in the disclosures.

Corporate tax cuts from the OBBBA have provided companies significant relief from tariff payments. Through September (based on preliminary estimates), on a trailing 12-month basis, corporate tax payments have declined by \$78 billion while tariff collections have increased by \$120 billion.

Disclosures

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Sources

Morningstar Direct, Bloomberg as of 9/30/2025

Manager comments come from discussions with various asset managers and are broad commentary on sectors and not be considered recommendations by any asset manager. These comments do not necessarily reflect strategy allocations or the view or opinion of MGIA or Moneta Group.

Definitions

The S&P 500 Index is a free-float capitalization-weighted index of the prices of approximately 500 large-cap common stocks actively traded in the United States.

The NASDAQ Composite Index is a market capitalization weighted index with more than 3000 common equities listed on the NASDAQ Stock Market.

The NASDAQ 100 Index is a modified capitalization-weighted index of the 100 largest and most active non-financial domestic and international issues listed on the NASDAQ.

The Russell 1000® Index is an index of 1000 issues representative of the U.S. large capitalization securities market.

The Russell 1000® Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 1000® Value Index measures the performance of those Russell 1000 Index securities with lower price-to-book ratios and lower forecasted growth values, representative of U.S. Securities exhibiting value characteristics.

The Russell 2000® Index is an index of 2000 issues representative of the U.S. small capitalization securities market.

The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure the equity market performance of developed markets, excluding the U.S. and Canada.

The MSCI Emerging Markets Index is a float-adjusted market capitalization index that consists of indices in 21 emerging economies.

Bloomberg U.S. Treasury Bond Index includes public obligations of the US Treasury, i.e. US government bonds. Certain Treasury bills are excluded by a maturity constraint. In addition, certain special issues, such as state and local government series bonds (SLGs), as well as U.S. Treasury TIPS, are excluded.

The Bloomberg U.S. Municipal Index covers the USD-denominated long-term tax exempt bond market. It includes general obligation and revenue bonds, which both can be pre-refunded years later and get reclassified as such.

The Bloomberg U.S. Aggregate Bond Index is an index, with income reinvested, generally representative of intermediate-term government bonds, investment grade corporate debt securities and mortgage-backed securities.

The Bloomberg US Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

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 the indices' EM country definition, are excluded.

The US Dollar Index measures the US dollar against six global currencies: the euro, Swiss franc, Japanese yen, Canadian dollar, British pound, and Swedish krona.

The FTSE Nareit All Equity REITs Index is a free-float adjusted, market capitalization-weighted index of U.S. equity REITs. Constituents of the index include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property.

The S&P Global Listed Infrastructure index measures the performance of global companies that are engaged in infrastructure and related operations. It provides liquid and tradable exposure to 75 companies from around the world that represent the listed infrastructure universe. To create diversified exposure, the index includes three distinct infrastructure clusters: utilities, transportation and energy.

Brent crude is the most traded of all of the oil benchmarks, and is defined as crude mostly drilled from the North Sea oilfields: Brent, Forties, Oseberg and Ekofisk (collectively known as BFOE).

The Dow Jones Commodity Index Gold is designed to track the gold market through futures contracts.

The ICE BofA Option-Adjusted Spreads (OASs) are the calculated spreads between a computed OAS index of all bonds in a given rating category and a spot Treasury curve. An OAS index is constructed using each constituent bond's OAS, weighted by market capitalization. The Corporate Master OAS uses an index of bonds that are considered investment grade (those rated BBB or better). When the last calendar day of the month takes place on the weekend, weekend observations will occur as a result of month ending accrued interest adjustments.

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*We have updated our valuation chart data source to expand our observation period to 1995, resulting in some minor changes in the valuation estimates. Asset class valuations are a percentile ranking based on monthly data going back to common inception of 12/31/1995. The US Large Cap percentile is the average percentile ranking of the trailing P/E, P/B, P/S, and P/C ratio of the S&P 500 Index. The US Small Cap percentile is the average percentile ranking of the trailing P/E, P/B, P/S, and P/C ratio of the Russell 2000 Index. The International Developed percentile is the average percentile ranking of the trailing P/E, P/B, P/S, and P/C ratio of the MSCI EAFE Index. The Emerging Market percentile is the average percentile ranking of the trailing P/E, P/B, P/S, and P/C ratio of the MSCI Emerging Markets Index. The 10-Year US Treasury percentile is the percentile ranking of the 10-Year US Treasury yield. The Investment Grade percentile is the percentile ranking of the ICE BofA US Corporate option adjusted spread. The High Yield Corporate percentile is the percentile ranking of the ICE BofA US High Yield corporate option adjusted spread. The Municipal/Treasury percentile is the percentile ranking of the Bloomberg Municipal Index yield divided by the 10-Year US Treasury Yield.