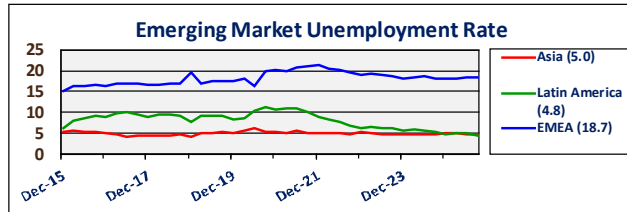
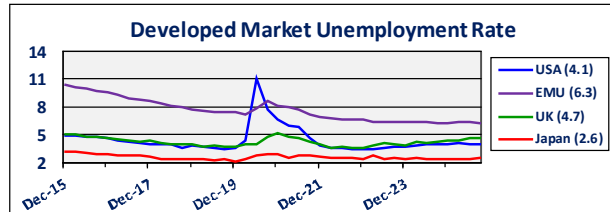
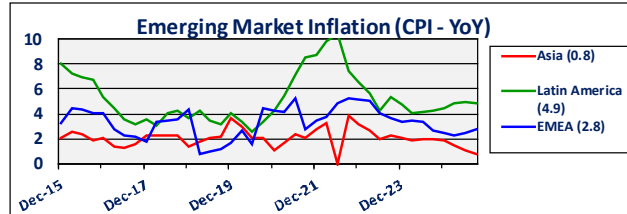
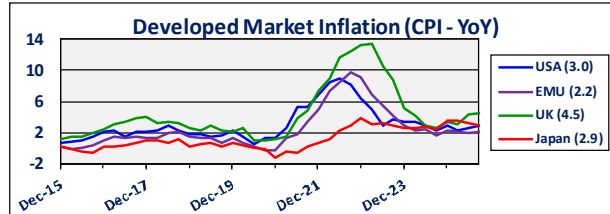
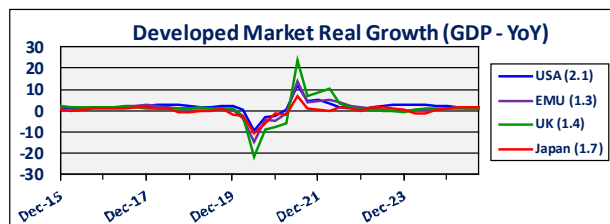


Third Quarter 2025

## Global Market and Economic Perspective

### Global Economic Commentary

- ❖ The release of the official BEA estimate of third quarter U.S. economic growth is delayed by the government shutdown, but most other sources suggest it remained firmly around 2%, underpinned by strong consumption. Growth for the quarter in China slipped below 5% but also remained above expectations with an even more notable bifurcation between weak consumption and strong exports. Growth in other major developed markets remains around 1.5%.
- ❖ While inflation ticked up and remained slightly above targets across major developed markets, it continued to decline across Asian emerging markets to levels that are well below the average of the past couple decades. A majority of global central banks, including the FED, cut policy rates during the quarter. Both the ECB and the Bank of Japan left policy rates unchanged in line with expectations.
- ❖ Unemployment during the third quarter remained just off recent lows in most countries, with the continued observation that in the midst of a steady unemployment rate, there has been less movement than normal (with both limited new jobs and job losses) in the U.S.



Notes: Emerging market economic statistics are estimated by region using eight countries, which represent roughly 80% of the MSCI Emerging Market Equity Index. Recent observations may be estimated where reporting lags make official data unavailable at the time of this report.



## Global Market and Economic Perspective – Q3 2025

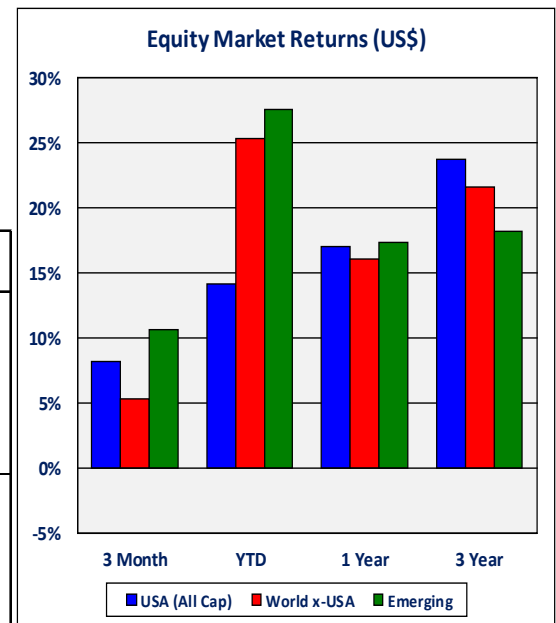
### Global Equity and Currency Commentary

- ❖ For the third quarter, global equity markets moved notably higher across the board once again. U.S. large cap growth stocks led U.S. large cap value stocks, while small cap outperformed large cap.
- ❖ Emerging markets extended their outperformance in 2025, as they outperformed the U.S. in each of the first three quarters with consistent contributions from both local market performance and currency exposure.
- ❖ Non-U.S. developed markets were nicely positive on an absolute basis during the quarter, but underperformed the U.S. and emerging equity markets, partly as a function of a stronger dollar. Developed markets remain well ahead year to date, with contributions from both local markets and currency.

### Global Equity Market Returns (MSCI)

9/30/2025	Returns (US\$)							
	3 Month	YTD	1 Year	3 Year				
United States								
USA (All Cap)	8.1%	14.1%	17.0%	23.7%				
USA Growth	10.7%	17.5%	27.5%	33.0%				
USA Value	5.0%	11.4%	7.8%	15.8%				
USA SC Growth	9.9%	11.2%	13.0%	17.7%				
USA SC Value	8.8%	6.9%	6.9%	13.5%				
					Returns (Local)			
					3 Month	YTD	1 Year	3 Year
Foreign Developed								
World x-USA	5.3%	25.3%	16.0%	21.6%	6.1%	14.6%	14.6%	17.4%
Europe	3.6%	27.5%	15.1%	22.9%	3.9%	13.6%	10.4%	15.6%
Far East	8.2%	22.2%	17.6%	20.4%	10.2%	15.4%	20.9%	20.8%
Australia	3.5%	15.9%	2.7%	15.9%	2.3%	8.3%	7.5%	14.8%
Canada	9.7%	26.7%	24.4%	20.7%	11.9%	22.6%	28.1%	21.2%
Emerging Markets								
Emerging	10.6%	27.5%	17.3%	18.2%	12.2%	24.3%	18.8%	18.1%
Asia	10.9%	26.4%	16.4%	19.1%	13.2%	24.4%	18.6%	19.2%
Latin America	10.2%	43.1%	20.4%	13.9%	8.1%	27.4%	17.3%	12.5%
EMEA	9.1%	26.8%	21.7%	15.3%	8.3%	21.8%	21.3%	15.2%

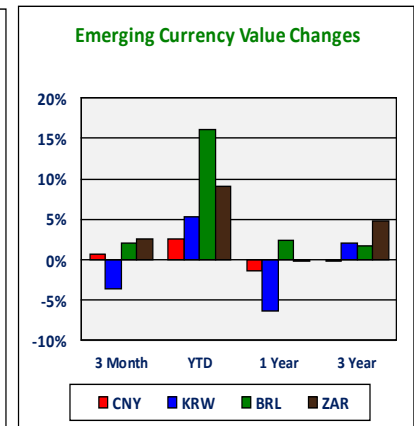
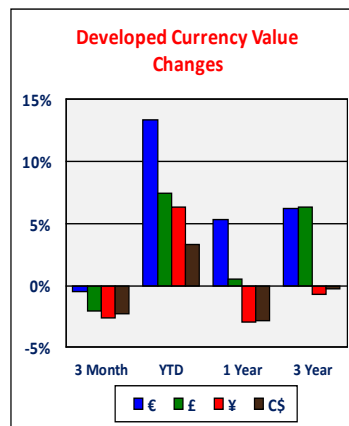
Annualized if greater than one year



### Foreign Exchange Rate History (Bloomberg)

9/30/2025	Current Level	Change (Foreign Currency versus \$)			
		3 Month	YTD	1 Year	3 Year
<b>Developed</b>					
Euro (€)	<b>1.17</b>	-0.4%	13.3%	5.4%	6.2%
British Pound (£)	<b>1.34</b>	-2.1%	7.4%	0.5%	6.4%
Japanese Yen (¥)	<b>148</b>	-2.6%	6.3%	-2.9%	-0.7%
Canadian Dollar (C\$)	<b>1.39</b>	-2.2%	3.3%	-2.8%	-0.2%
<b>Emerging</b>					
Chinese Renminbi (CNY)	<b>7.12</b>	0.6%	2.5%	-1.4%	-0.1%
Korean Won (KRW)	<b>1404</b>	-3.6%	5.3%	-6.3%	2.0%
Brazilian Real (BRL)	<b>5.32</b>	2.1%	16.0%	2.4%	1.7%
South African Rand (ZAR)	<b>17.27</b>	2.6%	9.1%	0.0%	4.7%

Annualized if greater than one year





## Global Market and Economic Perspective – Q3 2025

### US Fixed Income and Fed Commentary

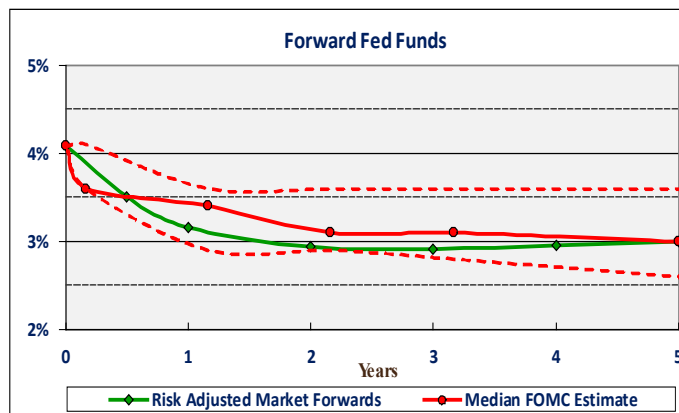
- ❖ In the third quarter, the Treasury yield curve remained steeply upward-sloping, as yields fell relatively uniformly across maturities. The FOMC cut rates in the quarter and expectations for the budget deficit showed some early signs of stabilization.
- ❖ The decline in interest rates led to gains in other investment-grade fixed income. Corporate bonds and tax-exempt municipals performed even better than Treasuries across the maturity spectrum, as credit spreads narrowed meaningfully for the quarter.
- ❖ The FOMC's economic forecasts shifted toward higher growth and increased inflation after recent tariff and tax policy changes. The Fed still projects reducing policy rates toward a neutral posture over the coming 12-18 months and has made additional steps in that direction after cutting rates in Q3 (and in early Q4).

FOMC Fed Funds Rate Projections as of September 2025 Meeting						
	Current	Dec-25	Dec-26	Dec-27	Dec-28	Long Run
Lower	4.08%	3.60%	2.90%	2.90%	2.80%	2.60%
Median	4.08%	3.60%	3.40%	3.10%	3.10%	3.00%
Upper	4.08%	4.10%	3.60%	3.60%	3.60%	3.60%

Market Implied Fed Funds Rate as of Oct 01, 2025						
Current	6 Month	1 Year	2 Year	3 Year	4 Year	5 Year
4.09%	3.51%	3.16%	2.94%	2.92%	2.96%	3.00%

#### Notes

Upper and lower bands show central tendency for FOMC projections.  
Market implied Fed Funds rates are risk adjusted.



### US Bond Yield and Spread History (Bloomberg)

	Current Level	Change Through September 2025			
		3 Month	YTD	1 Year	3 Year
<b>US Treasury</b>					
Short	3.66%	-0.10%	-0.64%	0.02%	-0.59%
Intermediate	3.93%	-0.07%	-0.56%	0.25%	-0.04%
Long	4.71%	-0.09%	-0.15%	0.54%	0.71%
<b>US High Yield</b>					
Yield	6.70%	-0.36%	-0.79%	-0.29%	-2.98%
Spread	2.70%	-0.21%	-0.17%	-0.29%	-2.81%
<b>Tax-Exempt Muni.</b>					
Short	2.38%	-0.31%	-0.55%	-0.07%	-0.84%
Intermediate	2.99%	-0.32%	-0.22%	0.22%	-0.59%
Long	4.09%	-0.29%	0.24%	0.59%	-0.25%

