

Snapshot

Bolstered by positive performance in September, global stocks and bonds delivered solid third-quarter gains. U.S. stocks and bonds broadly outperformed their developed markets peers.

- Amid growing expectations for the Fed to relaunch its rate-cut campaign, which it did on September 17, U.S. stocks rallied. Throughout the quarter, robust consumer spending and continued technology sector strength aided positive market sentiment.
- Despite ongoing trade negotiations and worries about inflation and jobs, the S&P 500 Index closed the quarter at another record high. It also logged its best September performance in 15 years.
- Most S&P 500 Index sectors advanced in September and for the third quarter. Information technology was the top third-quarter performer, up more than 13%.
- Non-U.S. developed markets stocks underperformed U.S. stocks in September and for the quarter. A September return of 7% left emerging markets stocks with a third-quarter gain of nearly 11%, outperforming developed markets stocks.
- The Fed and the Bank of England cut rates by 25 bps in the quarter, while the European Central Bank left interest rates unchanged.
- The annual rate of U.S. headline inflation climbed to 2.9% in August, while core inflation held steady at 3.1%. Annual headline inflation rose to 2.2% in Europe and remained 3.8% in the U.K.
- In the U.S., most size and style indices advanced in September, and all rose for the quarter. Outside the U.S., major size and style indices in developed and emerging markets advanced for the month and quarter.
- U.S. Treasury yields declined, and the broad U.S. bond market delivered gains in September and for the third quarter.

Returns (%)

INDEX	1 MO	3 MO	YTD	1 YR	3 YR	5 YR	10 YR
U.S. Large-Cap Equity							
S&P 500	3.65	8.12	14.83	17.60	24.94	16.47	15.30
U.S. Small-Cap Equity							
Russell 2000	3.11	12.39	10.39	10.76	15.21	11.56	9.77
Intl. Developed Markets Equity							
MSCI World ex USA	2.13	5.33	25.34	16.03	21.60	11.60	8.41
Emerging Markets Equity							
MSCI Emerging Markets	7.15	10.64	27.53	17.32	18.21	7.02	7.99
Global Real Estate Equity							
S&P Global REIT	0.73	4.22	8.55	-1.24	9.54	6.58	4.37
U.S. Fixed Income							
Bloomberg U.S. Aggregate Bond	1.09	2.03	6.13	2.88	4.93	-0.45	1.84
Global Fixed Income							
Bloomberg Global Aggregate Bond	0.65	0.60	7.91	2.40	5.45	-1.56	1.15
U.S. Cash							
Bloomberg U.S. 1-3 Month Treasury Bill	0.34	1.10	3.25	4.47	4.87	3.04	2.08

Data as of 9/30/2025. Performance in USD. Periods greater than one year have been annualized. Past performance is no guarantee of future results. Source: FactSet.

Equity Returns | Size and Style

		U.S.			
		QTD (%)		YTD (%)	
		Value	Growth	Value	Growth
Size	Large	5.33	10.51	11.65	17.24
	Small	12.60	12.19	9.04	11.65

- The broad U.S. stock market index rallied more than 8% in the third quarter, lifting its year-to-date return to nearly 15%. All key size and style indices advanced for both periods.
- Small-cap stocks gained more than 12% for the quarter, outpacing large-caps, which returned 8%. Year to date, large-caps returned nearly 15% and outperformed small-caps, which gained more than 10%.
- For the quarter, growth stocks outperformed their value peers among large-caps but lagged among small-caps. Year to date, growth stocks outperformed across the board.

		Non-U.S. Developed Markets			
		QTD (%)		YTD (%)	
		Value	Growth	Value	Growth
Size	Large	8.39	2.43	31.83	17.91
	Small	8.65	5.88	31.90	27.24

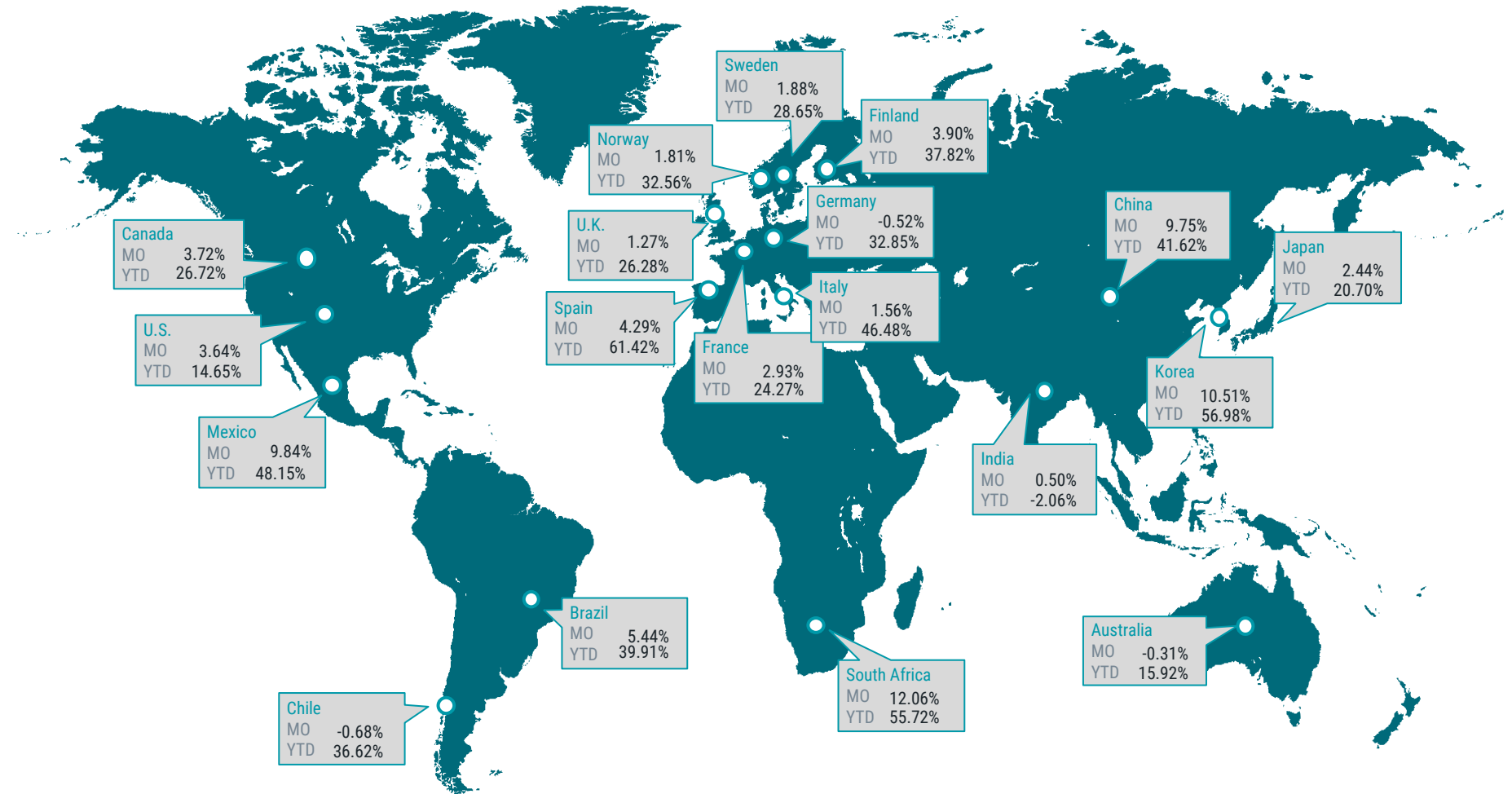
- Non-U.S. developed markets stocks underperformed U.S. stocks for the quarter but outperformed year to date. All major size and style indices advanced for both periods.
- Small-cap stocks outperformed large-caps for the quarter and year to date. Small-caps gained nearly 30% for the year-to-date period, while large-caps gained 25%.
- Across the board, value stocks outperformed their growth-style peers in the quarter and year to date. Small-cap value stocks were top performers for both periods, advancing nearly 9% for the quarter and 32% year to date.

		Emerging Markets			
		QTD (%)		YTD (%)	
		Value	Growth	Value	Growth
Size	Large	9.35	13.69	25.16	29.64
	Small	4.56	6.12	16.04	17.22

- The broad emerging markets stock index outperformed developed markets stocks for the quarter and year-to-date period. The index gained nearly 11% for the quarter and almost 28% year-to-date.
- Large-cap stocks rose nearly 12% in the quarter, sharply outpacing small-caps. Year to date, large-caps outperformed small-caps by more than 10 percentage points.
- Growth stocks outperformed value stocks across capitalizations for the quarter and the year-to-date period. Large-cap growth stocks were top performers for both periods.

Data as of 9/30/2025. Performance in USD. Past performance is no guarantee of future results. Source: FactSet. U.S. Equity, International Developed Markets and Emerging Markets Equity style boxes are represented by Russell, MSCI World ex USA and MSCI Emerging Markets indices, respectively.

Equity Returns | Country



Data as of 9/30/2025. Performance in USD. Past performance is no guarantee of future results. Source: FactSet. Countries are represented by MSCI country indices.

Fixed-Income Returns

The broad U.S. bond index delivered its third consecutive quarterly gain, with more than half the return generated in September. As widely expected, the Fed cut rates in September, and Treasury yields declined for the three-month period..

- The Bloomberg U.S. Aggregate Bond Index was up 2% in the quarter, lifting its year-to-date return to more than 6%.
- The yield on the 10-year Treasury note ended the third quarter at 4.15%, 8 bps lower than on June 30. Meanwhile, the two-year Treasury yield dropped 10 bps in the quarter to 3.62%.
- All sectors of the broad bond index advanced in September and for the quarter. Credit spreads tightened, and corporate bonds outperformed other sectors. MBS outperformed the index, but Treasuries underperformed. High-yield corporates slightly underperformed investment-grade corporates.
- Amid mounting job market worries, the Fed lowered its interest rate target for the first time this year. The 25-bps cut put the target lending rate in a range of 4% to 4.25%. Most Fed officials indicated they may cut rates another 50 bps by year-end.
- As the Fed shifted its focus from inflation to jobs, the annual headline and core inflation rates (CPI) edged higher. The annual core PCE inflation rate, the Fed's preferred inflation gauge, inched up to 2.9% in August from 2.8% in June.
- Municipal bonds rebounded from their second-quarter decline, delivering a 3% third-quarter gain. Munis outperformed Treasuries in September and for the quarter.
- Inflation expectations rose during the quarter, and TIPS outperformed nominal Treasuries.

Returns (%)

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Global Fixed Income							
Bloomberg Global Aggregate Bond	0.65	0.60	7.91	2.40	5.45	-1.56	1.15
U.S. Fixed Income							
Bloomberg U.S. Aggregate Bond	1.09	2.03	6.13	2.88	4.93	-0.45	1.84
U.S. High-Yield Corporate							
Bloomberg U.S. Corporate High Yield Bond	0.82	2.54	7.22	7.41	11.09	5.55	6.17
U.S. Investment Grade							
Bloomberg U.S. Corporate Bond	1.50	2.60	6.88	3.63	7.07	0.35	3.12
Municipals							
Bloomberg Municipal Bond	2.32	3.00	2.64	1.39	4.74	0.86	2.34
U.S. TIPS							
Bloomberg U.S. Treasury Inflation Protected Securities (TIPS)	0.43	2.10	6.87	3.79	4.88	1.42	3.01
U.S. Treasuries							
Bloomberg U.S. Treasury Bond	0.85	1.51	5.36	2.06	3.56	-1.33	1.17
U.S. Cash							
Bloomberg U.S. 1-3 Month Treasury Bill	0.34	1.10	3.25	4.47	4.87	3.04	2.08

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Global Yield Curves



Data as of 9/30/2025. Source: Bloomberg.

Yield is a rate of return for bonds and other fixed-income securities. A yield curve is a line graph that shows yields of fixed-income securities from a single sector (e.g., Treasuries) over various maturities (e.g., five and 10 years) at a single point in time (e.g., 12/31/2020).