



10 Market Themes for 4Q 2025

As of October 1, 2025

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10 Market Themes for 3Q 2025

This collection of insights highlights 10 themes we believe are most likely to shape markets and the economy this quarter.

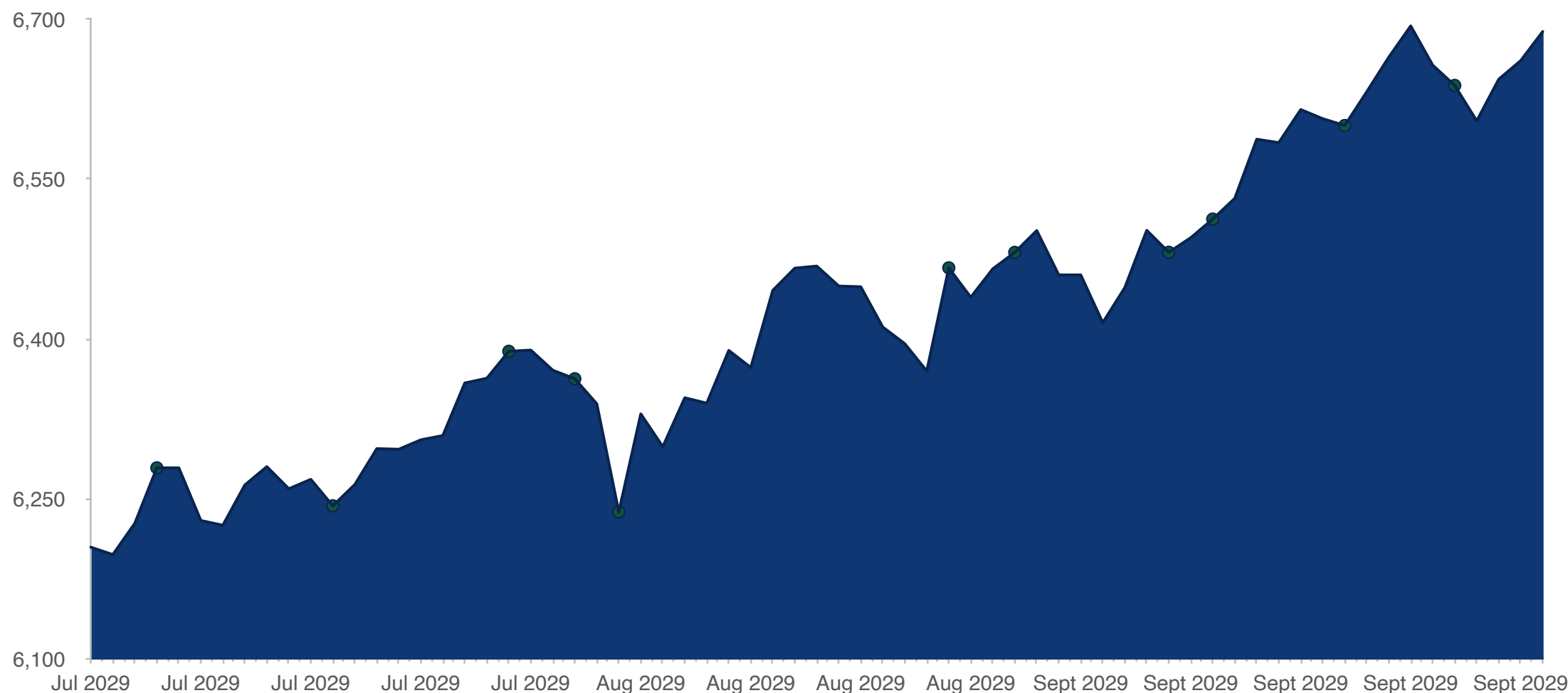
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4Q 2025

Market Recap – Key Headlines From Last Quarter

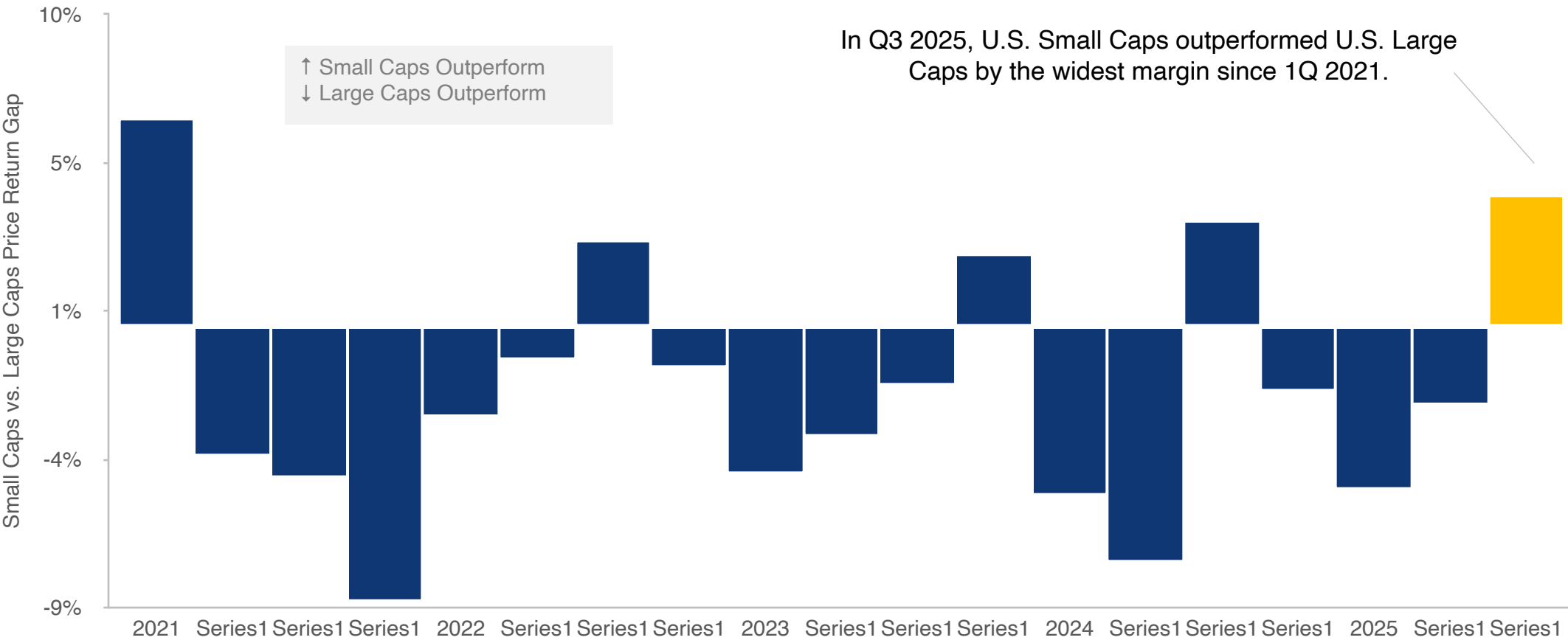
S&P 500 Index

4Q 2025



Stock Market – Small Cap Stocks Outperform Large Caps

4Q 2025

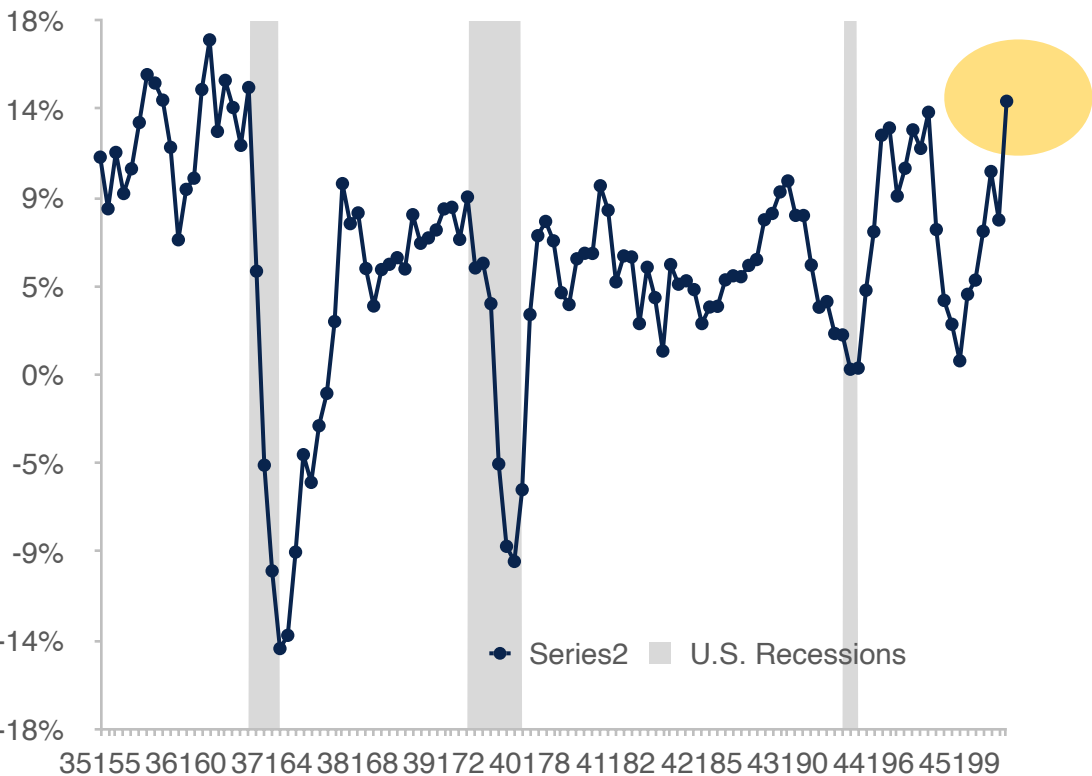


Disclosures: S&P Global, Russell Indices. Based on the performance of the S&P 500 Index and the Russell 2000 Index. The performance of this index is provided for informational purposes only and does not represent an actual investment. Index performance is for illustrative purposes only and does not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Data from 1/1/2021 to 9/30/2025.

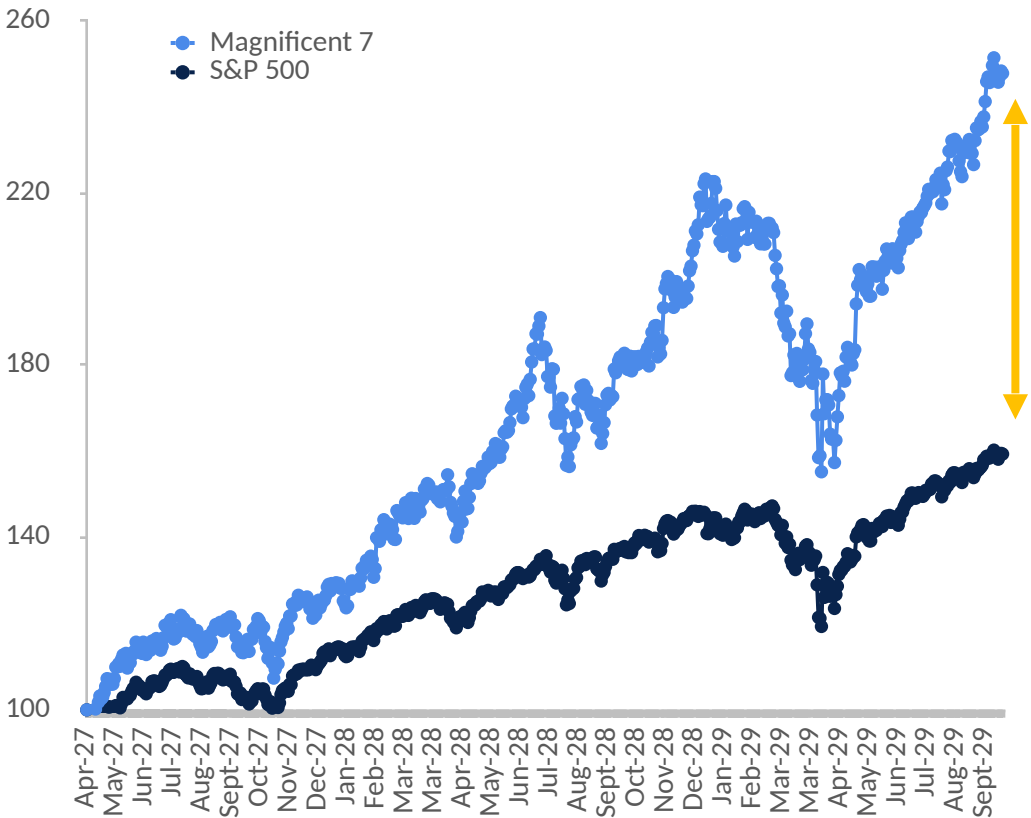
Key Themes – Putting the AI-Capex Boom into Perspective

U.S. Technology Investment Highest Since 2000
Year-over-Year Growth of Private Investment in Technology

4Q 2025



Performance of “AI” Stocks vs. the Broader Market
Prices Indexed to 100 on 4/30/2023

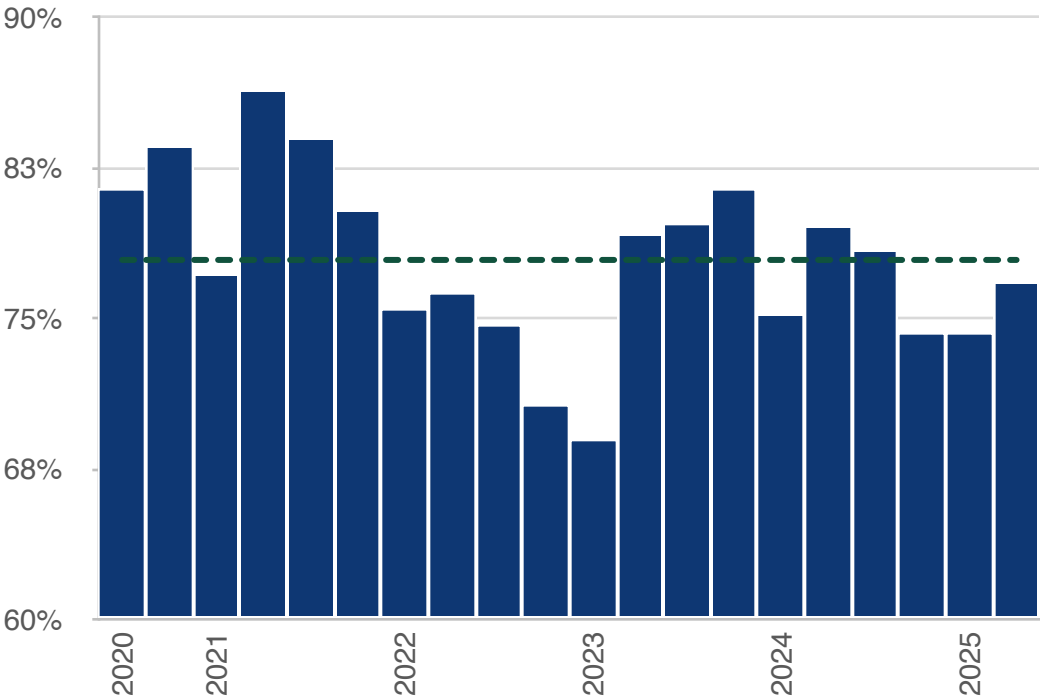


Disclosures: U.S. Bureau of Economic Analysis. Data represents the year-over-year growth rate of private investment in information processing equipment and software (Q1 1996 to Q2 2025). The performance data presented for the “Magnificent Seven” represents a group of widely followed large-cap U.S. technology-oriented stocks (Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla). This grouping is not an official index and does not represent a recognized benchmark. Performance calculations are based on publicly available stock price data and may not reflect dividends, fees, or transaction costs unless otherwise noted. Past performance does not guarantee future results. Latest available data as of 9/30/2025.

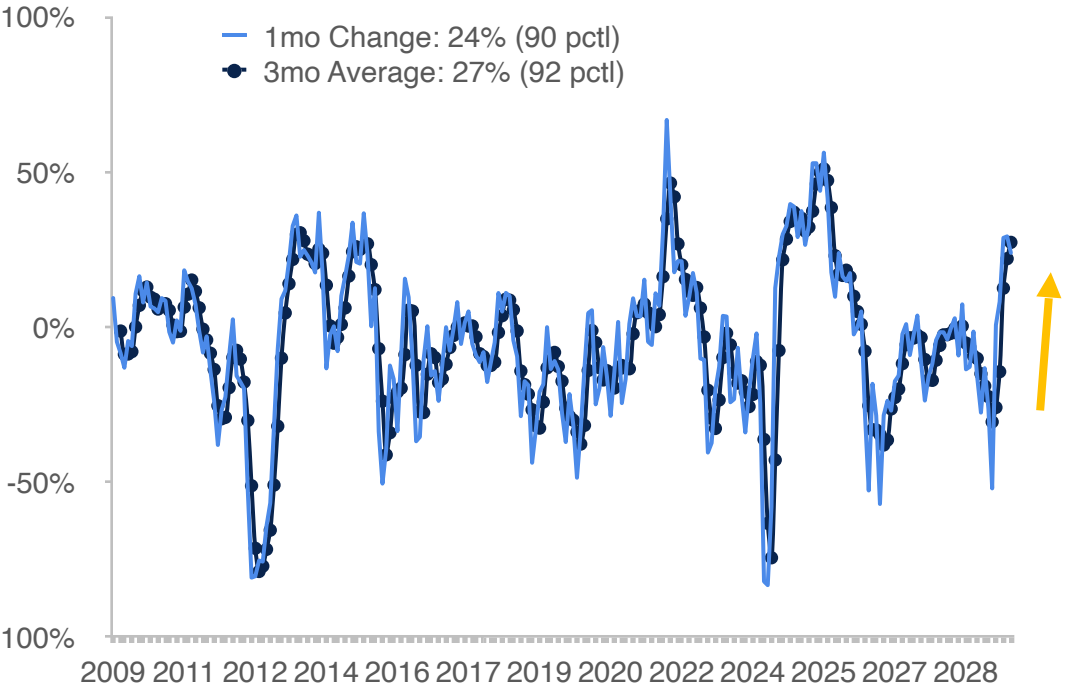
Corporate Earnings – U.S. Companies Continue to Beat Expectations

4Q 2025

Percentage of S&P 500 Companies Beating Earnings
% of Companies Reporting EPS above Consensus Expectations



2026 Earnings Revision Sentiment
Net % of S&P 500 Companies with Upward EPS Revisions



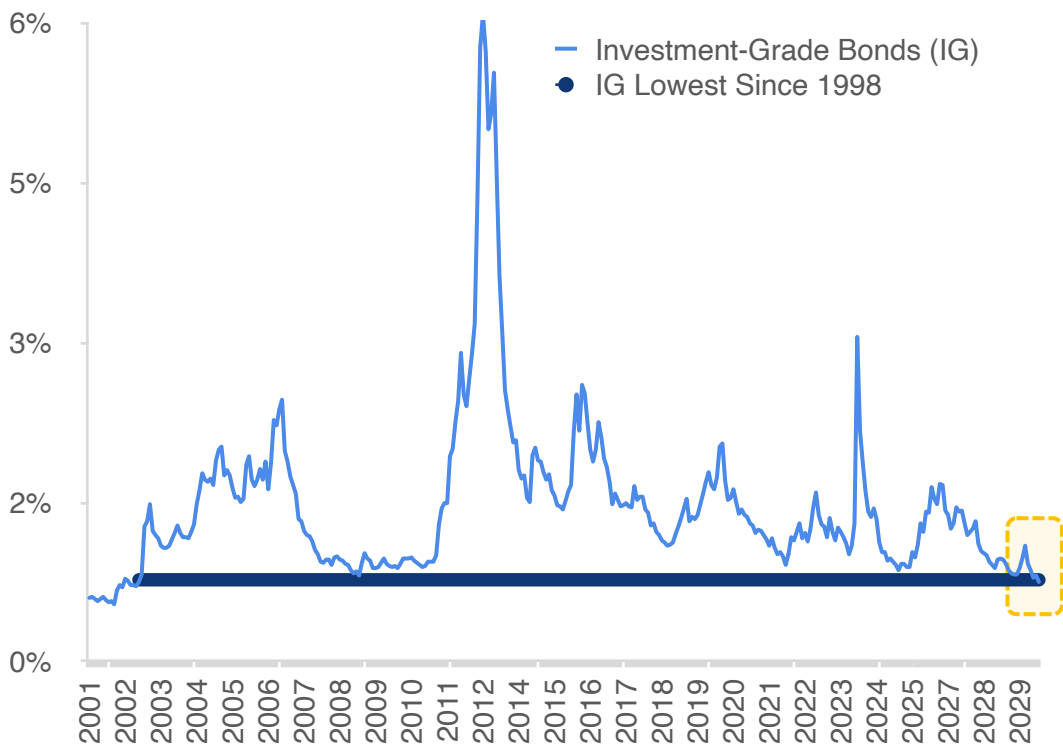
Disclosures: The earnings estimates, projections, and other forward-looking statements referenced in this presentation are based on third-party consensus data obtained from sources believed to be reliable. Consensus estimates are inherently uncertain and subject to change at any time, often without notice, as analysts update their assumptions and new information becomes available. Actual company results may differ materially from consensus expectations due to a variety of factors, including but not limited to changes in economic conditions, industry dynamics, company-specific developments, and broader market events. This material is provided for informational purposes only and should not be construed as investment advice or a recommendation to buy, sell, or hold any security. Past performance is not indicative of future results. Latest available data as of 9/30/2025.

Fixed Income – Corporate Credit Spreads are Very Tight

IG Corporate Credit Spreads Lowest Since 1998

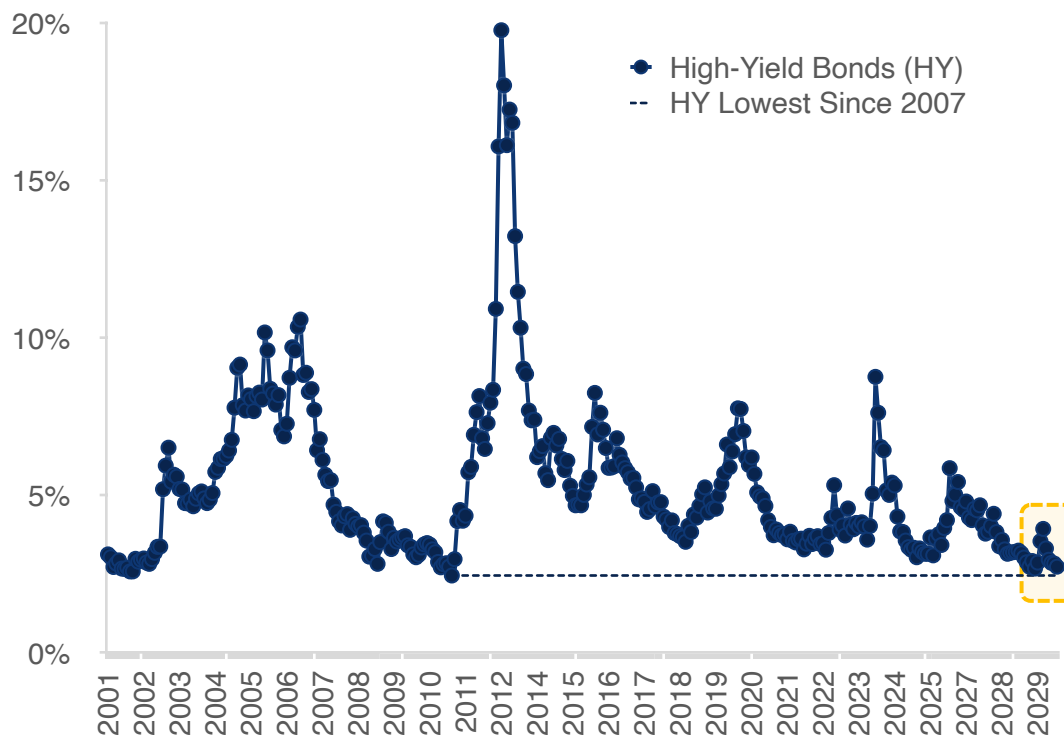
Historical U.S. Corporate Investment-Grade Credit Spread

4Q 2025



High-Yield Credit Spreads Lowest Since 2007

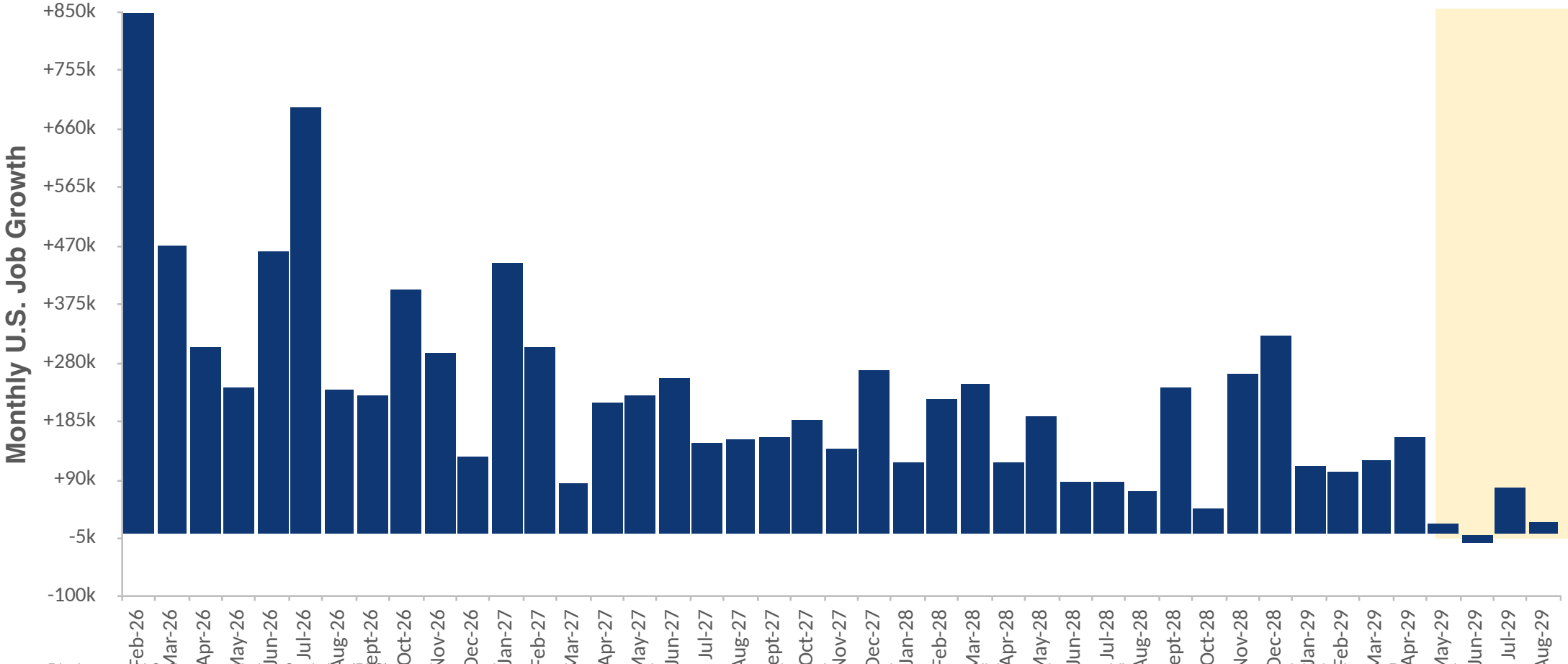
Historical U.S. Corporate High-Yield Credit Spread



Disclosures: Federal Reserve, ICE BofA US Corporate Index, ICE BofA US High Yield Index. The corporate credit spread data presented in this material reflects the difference in yield between corporate bonds and comparable-maturity U.S. Treasury securities. Corporate credit spreads are influenced by a variety of factors, including interest rates, credit quality, market liquidity, and economic conditions, and are subject to change at any time. Past spread levels are not indicative of future performance, and actual outcomes may differ materially. Data from 12/31/1996 to 9/30/2025

Labor Markets – Unemployment Rises as Monthly Job Growth Slows

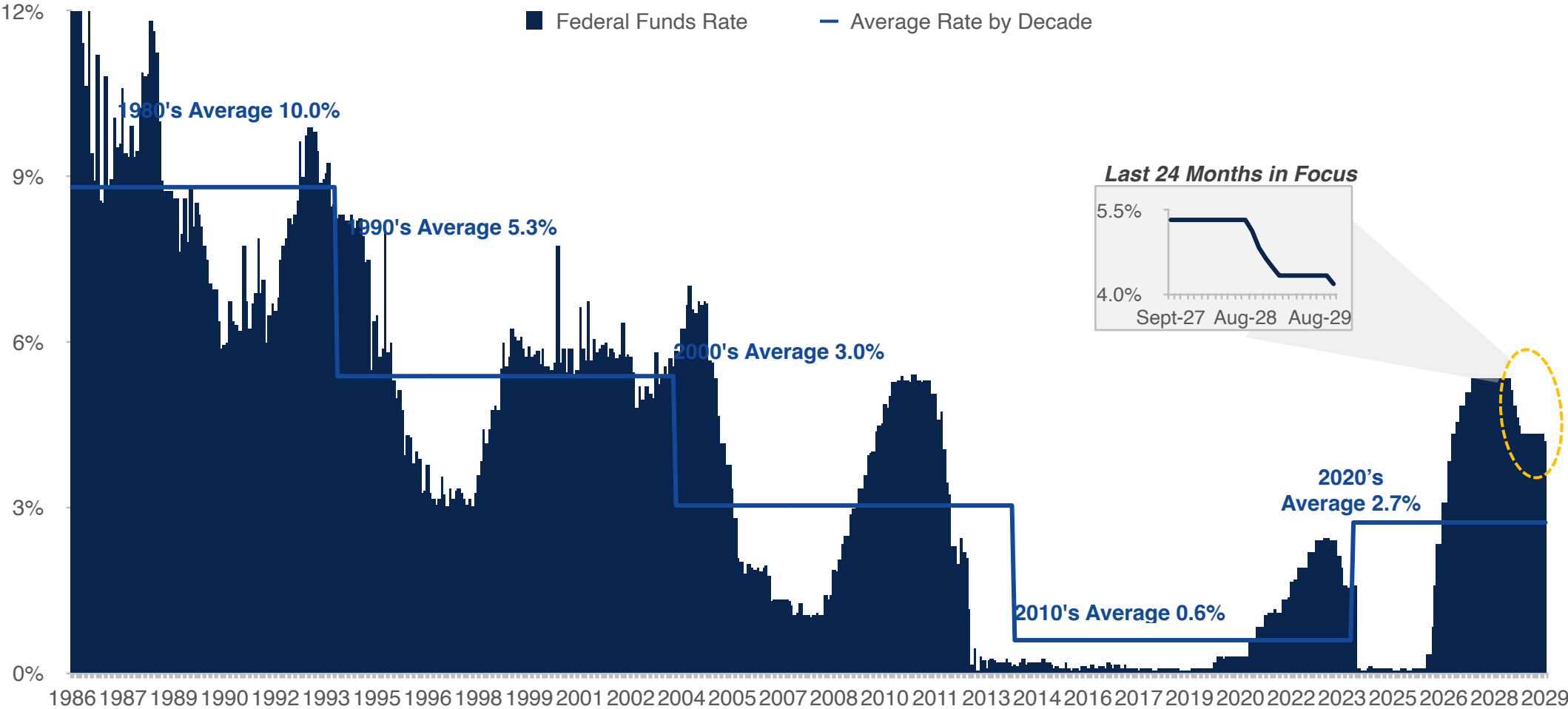
4Q 2025



Disclosures: U.S. Bureau of Labor Statistics (BLS). Employment data are subject to revisions as more complete information becomes available, and reported figures may change after initial release. Past employment trends are not indicative of future labor market conditions. Latest available data as of 9/30/2025.

Interest Rates – The Fed Resumes its Rate-Cutting Cycle

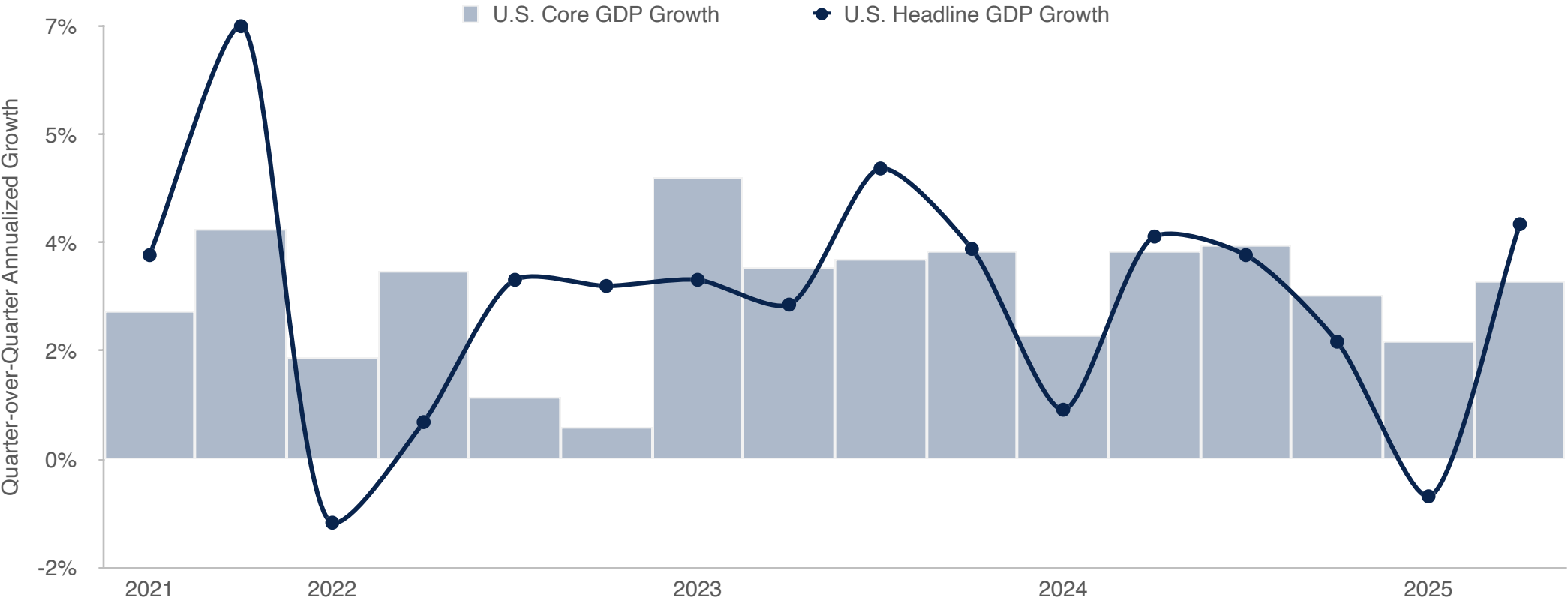
4Q 2025



Disclosures: Monthly datapoints from the Federal Reserve since the 1980s. The Federal Funds Rate is the target interest rate set by the Federal Reserve at which commercial banks borrow and lend excess reserves overnight. Time period from 1/1/1985 to 9/30/2025. Latest available data as of 9/30/2025.

Economic Data – Mixed Signals from Headline & Core GDP Growth

4Q 2025



Disclosures: U.S. Bureau of Economic Analysis. Gross Domestic Product (GDP) growth figures presented in this material reflect historical reported data. Historical GDP data may be subject to revisions by the BEA as more complete information becomes available. Such revisions can change previously reported growth rates. Latest available data as of 9/30/2025.

Looking Ahead – Key Themes to Watch the Next Six Months

4Q 2025

AI Capital Expenditures

- Tech investment is growing at the fastest pace since the late 1990s. AI-related companies are reporting growing backlogs as billions of dollars are spent to build out AI infrastructure.
- Can AI-infrastructure spending continue to beat the market's high expectations? Do backlogs continue to grow?

Q4 2025 Labor Market Data

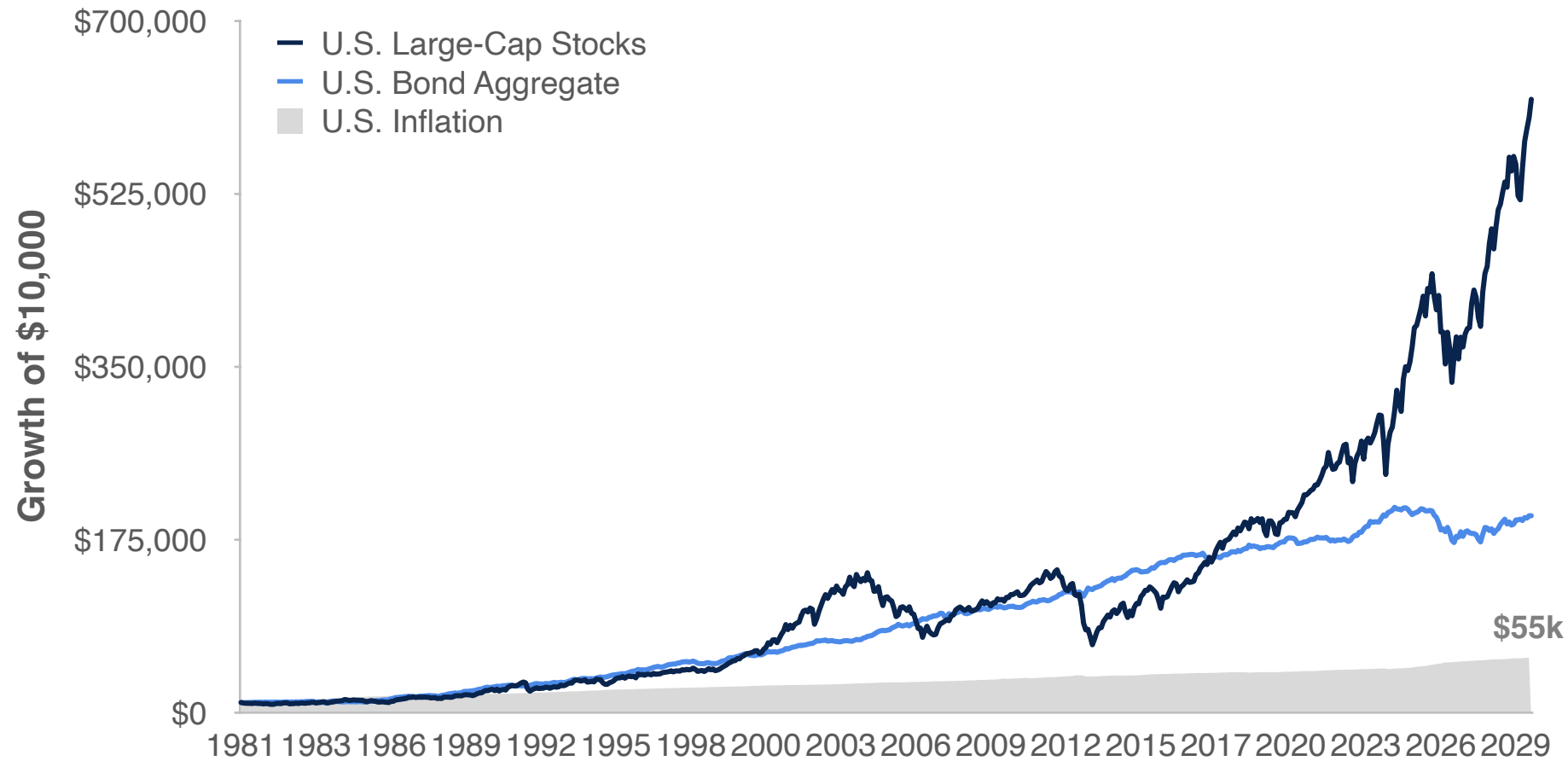
- Labor market data softened in Q3. Monthly job growth slowed, and the unemployment rate rose to the highest level since late 2021.
- Is this a short-term trend tied to tariffs and economic uncertainty, or is this the start of a new trend? How will the labor market softness impact Fed policy?

Early Impact of Rate Cuts

- After a 9-month pause, the Fed cut interest rates by -0.25% in September. The Fed and the market expect two more cuts this year, with the potential for more cuts in 2026.
- Housing and manufacturing activity have been weak since the Fed started hiking in 2022. Will the rate cut be enough to spur economic activity?

Disclosures: Forward-looking statements are based on current expectations, estimates, projections, and assumptions. These statements involve risks and uncertainties, and actual outcomes may differ materially from what is expressed or implied. Forward-looking statements are not guarantees of future performance and should not be relied upon as such. Economic and market conditions are subject to change, and any opinions or forecasts contained herein are subject to change without notice.

Long Term Perspective – The Power of Compounding



Disclosures: S&P Global, Federal Reserve, US Bureau of Labor Statistics. Past performance does not guarantee future results. The information provided is for informational purposes only and should not be construed as investment advice or a recommendation to buy or sell any security. Past performance is not indicative of future results. All investments involve risk, including the potential loss of principal. Equity investments are subject to market risk, while fixed-income securities are subject to interest rate, credit, and inflation risk. Investors should consider their individual circumstances, objectives, and risk tolerance before making investment decisions. Latest available data as of 9/30/2025.

Questions?

Definitions

2Y / 10Y / 30-Year Treasury Bonds	Treasuries are debt obligations issued and backed by the full faith and credit of the U.S. government.
Consumer Price Index (CPI)	Measures the changes in the price level of a basket of consumer goods and services purchased by households.
Federal Fund's Rate	The target interest rate set by the Federal Reserve at which commercial banks borrow and lend excess reserves overnight.
Federal Reserve	The Federal Reserve System is the central bank of the United States. It was founded by Congress in 1913 to provide the nation with a safer, more flexible, and more stable monetary and financial system
Forward Price to Earnings Ratio	The forward P/E ratio (or forward price-to-earnings ratio) divides the current share price of a company by the estimated future ("forward") earnings per share (EPS) of that company.
Growth Stocks	Growth stocks are companies expected to grow sales and earnings at a faster rate than the market average.
Inflation	A general rise in price level relative to available goods and services.
Price Return	The rate of return on an investment portfolio, where the return measure takes into account only the capital appreciation of the portfolio, not including income generated in the form of interest or dividends.
Real Yield	The interest rate earned on a fixed income investment after factoring in the impact of inflation as measured by the Consumer Price Index (CPI).
Prime Interest Rate	A base rate used by banks to price short-term consumer and business loans.
Total Return	Return on a portfolio of investments including capital appreciation and income received on the portfolio.
Unemployment Rate	A lagging economic indicator which is calculated as the percent of the labor force that is jobless.
Value Stocks	Stocks that are inexpensive relative to the broad market based on measures of fundamental value (e.g., price to earnings or price to book).

Disclosures and Legal Notice

Investing involves risk, including the possible loss of principal. Stock markets can be volatile. Investments in securities of small and medium capitalization companies may involve greater risk of loss and more abrupt fluctuations in market price than investments in larger companies. Investments in fixed-income instruments are subject to the possibility that interest rates could rise, causing their values to decline. High yield and unrated debt securities are at a greater risk of default than investment grade bonds and may be less liquid, which may increase volatility. Investors in asset-backed securities, including mortgage-backed securities and collateralized loan obligations (“CLOs”), generally receive payments that are part interest and part return of principal. These payments may vary based on the rate loans are repaid. Some asset-backed securities may have structures that make their reaction to interest rates and other factors difficult to predict, making their prices volatile and they are subject to liquidity and valuation risk. CLOs bear similar risks to investing in loans directly, such as credit, interest rate, counterparty, prepayment, liquidity, and valuation risks. Loans are often below investment grade, may be unrated, and typically offer a fixed or floating interest rate.

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Thank You

