



Capital Market Review
As of September 30, 2025

3Q25 Market Recap

It feels like you could have thrown a dart at a board filled with a variety of asset classes, invested where the dart landed, and made money during the third quarter. Not only were all major stock market indices in positive territory (see pages 8 and 10 of this report), but also Bonds (Bloomberg US Aggregate Index) +2.0%, Gold +16.1%, and Bitcoin +6.5%.

Both the S&P 500 and the tech-heavy Nasdaq Composite hit new all-time highs on 9/30/25 (while the Russell 2000 hit an all-time high on 10/3/25). Various International stock indexes also reached new highs in 3Q25.

Year-to-date, International stocks are leading U.S. stocks for the first time in a long time (see chart on page 9). Interestingly, growth is outperforming value in the U.S. (largely due to AI-related stocks – more on this later) and Emerging Markets, while value is outperforming growth Internationally (outside Emerging Markets). Gold is up +46.6% year-to-date through 9/30/25 while Bitcoin is up +23.4% over the same period. It is notable that since President Trump took office, Gold is up close to 50% and Bitcoin has nearly doubled.

The big news in fixed income for the quarter was the 0.25% rate cut announced by the U.S. Federal Reserve in September. This was the first rate cut since December 2024. The Fed (and the markets) are guiding toward two more rate cuts in 2025 and 1-3 rate cuts in 2026. Time will tell what happens as the market has been woefully inaccurate forecasting Federal Reserve actions over the past few years.

With one exception, all the major bond indices we monitor had positive returns in 3Q25 and are performing well year-to-date (see page 13 of this report).

If the Federal Reserve continues to cut the Fed Funds rate, it is expected that short-term interest rates will come down; however, longer-term interest rates aren't expected to act similarly. We've already started to see this "steepening" of the yield curve – meaning long-term interest rates remain elevated (or become more elevated) as compared to short-term interest rates. Concerns over inflation, debt levels in the U.S., and continued global tensions lead one to think that longer term interest rates will remain high relative to short-term rates. Thus, we would not expect mortgage rates to come down in a meaningful way.

What concerns us today?

1. Stock market valuations – near all-time highs

A FORTUNE article dated October 7, 2025, provides commentary from Lisa Shalett, Morgan Stanley Wealth Management's Chief Investment Officer. The article states the following facts related to the current U.S. bull market:

"Since the October 2022 bear market bottom and the launch of ChatGPT, according to Shalett's calculations, the S&P 500 has soared 90%, but most of these gains have come from a small group of stocks. The so-called "Magnificent Seven"—including high-profile names like [Nvidia](#) and Microsoft—plus another 34 AI data-center ecosystem companies, are responsible for, as cited by Shalett and separately by JP Morgan Asset Management's [Michael Cembalest](#), about three-quarters of overall market returns, 80% of earnings growth, and a staggering 90% of capital spending growth in the index. Comparatively, the other 493 names in the S&P 500 are up just 25%—showing just how concentrated the rally has become."

Recap continued...

This isn't anything new; however, the phenomenon continues. With its \$4.5 trillion market capitalization, NVIDIA is the most valuable company the world has ever known. (Interesting piece of trivia for our Oregonian clients, NVIDIA's CEO, Jensen Huang attended Aloha (OR) High School, then Oregon State University). Many people are comparing today's AI boom to the dotcom era. During the peak of the dotcom era (March 2000), Cisco was the most valuable company in the world with a market capitalization of \$579 billion. When the dotcom bubble burst, Cisco stock was down 80% peak to trough.

2. Bond market spreads – nearing historic lows (see page 14 of this report)

With little room for bond spreads to further tighten, probabilities favor spread widening (which typically leads to negative returns for bondholders).

3. Loan Delinquencies

While there seems to be what feels like a meteoric rise in student loan delinquencies because of the student loan payment "pause" ending, other loan types are also showing increased delinquency rates, (see page 5 of this report). Will the consumer ever tap out and reduce spending? If so, what will be the impact on the economy? On stocks?

One important factor in the U.S. stock market's favor – "Don't Fight the Fed"

Over the past 45 years, the Fed has cut rates 24 times when the S&P 500 was within 2% of its all-time high. Over the subsequent year, the S&P 500 was higher 100% of the time with an average return of 15.7% (see chart on page 7 of this report). As investors learned through Michael Burry (The Big Short) during the 2008 Great Financial Crisis, history doesn't always repeat itself and sometimes the "never happened before" happens; however, the chart on page 7 makes a strong argument for U.S. stocks over the next 12 months.

To be clear, we at Allium are always pleased when the markets are rallying and our client portfolios are performing well. That said, it is also our job to be aware of risks. We work diligently to construct diversified portfolios, often with a meaningful allocation to alternative investments. The goal of alternative investments is to perform well over full market cycles with lower volatility than traditional portfolios.

One of the key agenda items for us has been a focus on rebalancing client portfolios to long-term target allocations (considering tax ramifications).

As stated, many times in the past, we don't make market calls (studies have shown you're better off flipping a coin). Rather we work hard to build portfolios with the goals of withstanding short-term volatility and performing well over the long-term with an eye toward seizing opportunities.

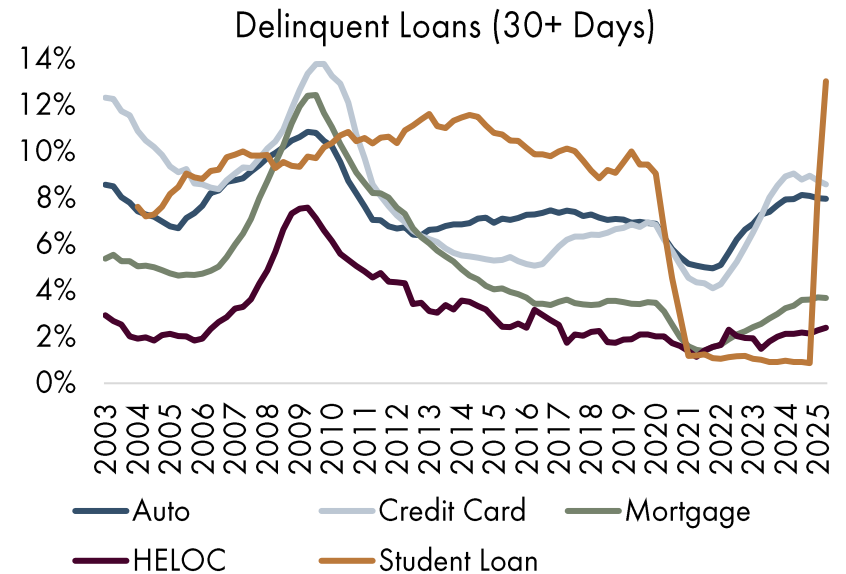
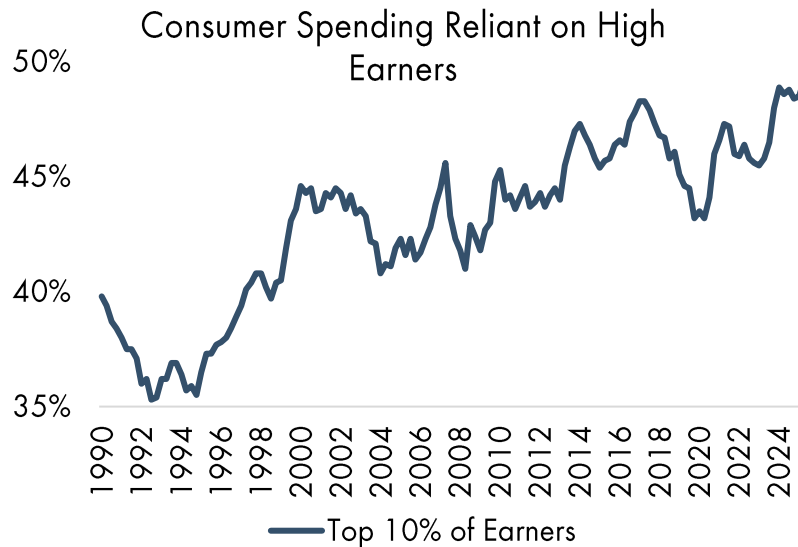
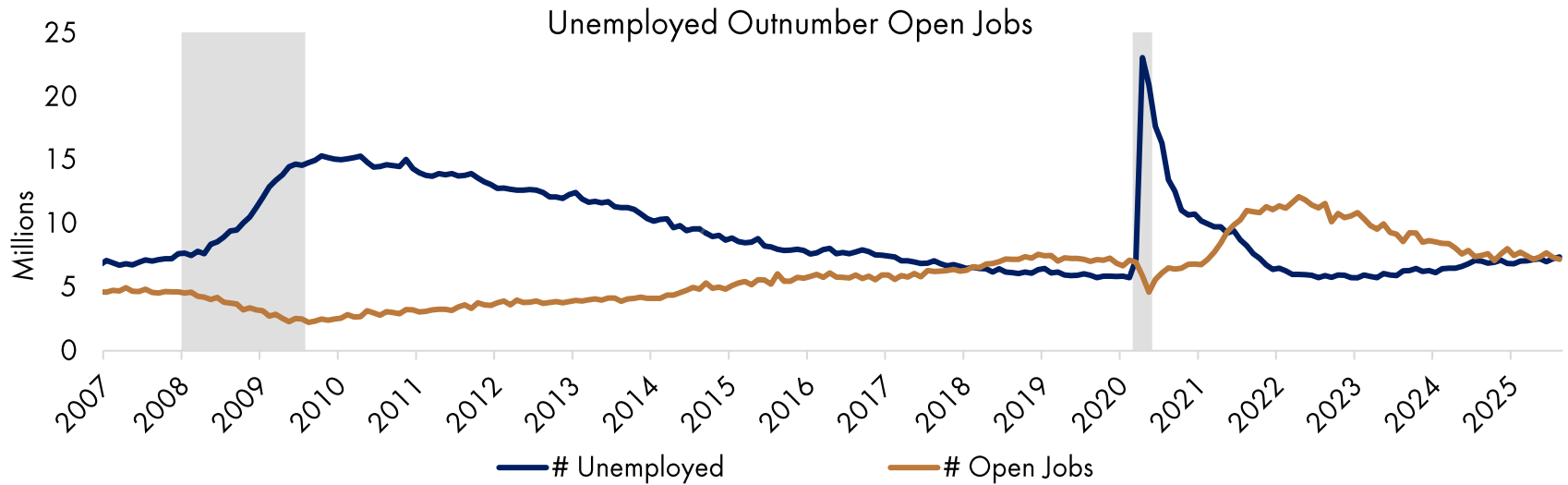
On the following pages, please see our Quarterly Capital Markets Review. Reach out anytime with questions or if we can be of service.

Scott Thompson, CIO and your Allium Team

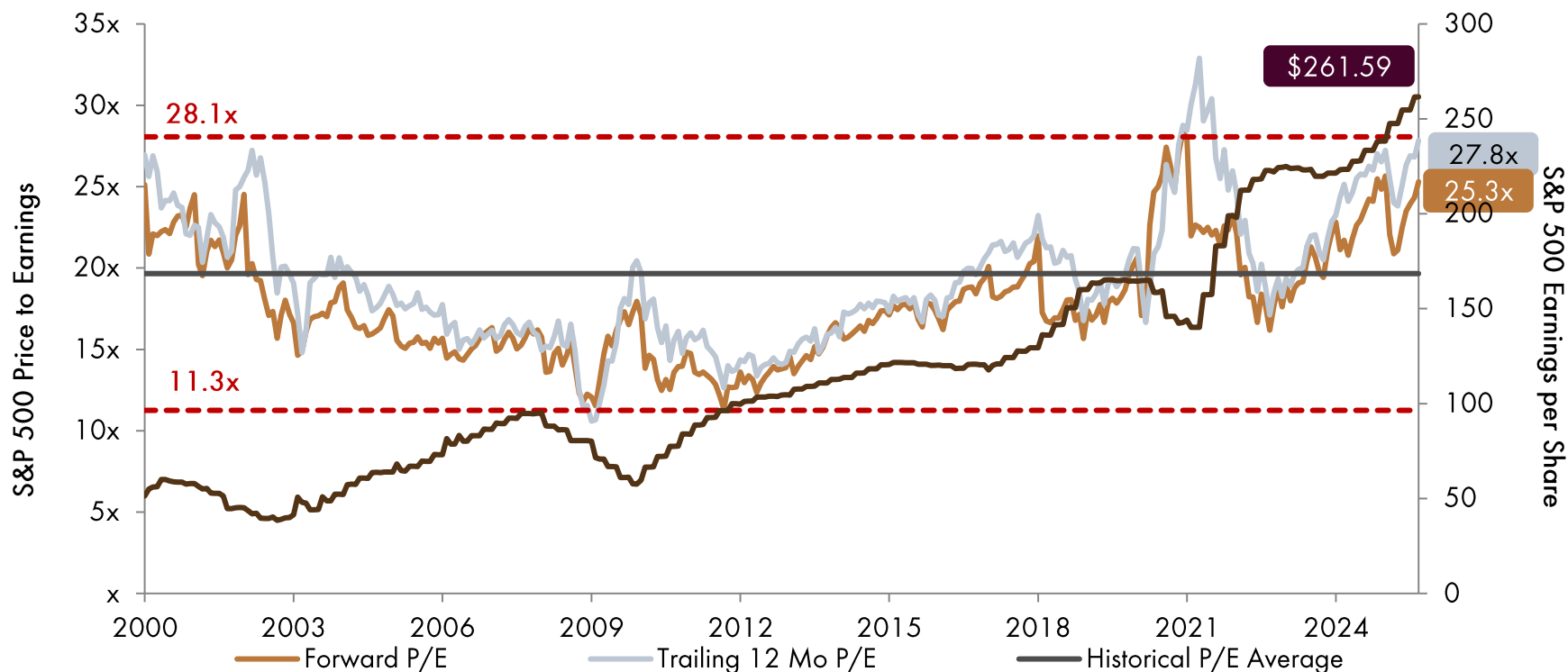
Market Dashboard¹ – As of September 30, 2025

Asset Class	Quarterly Commentary				3Q25	YTD
Domestic Stocks (S&P 500 Index)	- Stocks rose during the 3rd quarter, led by strong gains in technology (+13.2%) and a rebound in small cap stocks (+12.4%). Optimism over the artificial intelligence boom and a long-awaited Fed rate cut outweighed economic and inflation concerns. 10 out of 11 sectors posted positive performance. Information Technology the top-performing sector (+13.2%), while Consumer Staples was the weakest, (-2.4%). - Performance disparity between Large Cap Growth and Large Cap Value stocks widened over the quarter. Large Cap Growth (+10.5%), Large Cap Value (+5.3%).				+8.1%	+14.8%
International Stocks (EAFE Index)	- Developed International Stocks extended gains through the 3rd quarter, led by continued strength in broader Europe and Asia. - Spain (+12.8%) and Japan (+10.4%) were among the strongest performers in local currency terms, while Switzerland (+1.4%) was among the weakest performers.				+4.8%	+25.1%
Emerging Market Stocks (MSCI Emerging Markets Index)	- Emerging Markets posted positive gains, supported by improving risk sentiment and lower U.S. interest rates. A lower U.S. dollar has provided a tailwind to performance. - China (+19.7%) and South Korea (+17.2%) emerged as top performers when assessed in local currency terms, while India (-4.3%) trailed.				+10.6%	+27.5%
Bonds (Bloomberg U.S. Aggregate Index)	- Bond Markets delivered positive results for the 3rd quarter, with U.S. Treasuries gaining after the Fed's rate cut, though rising inflation expectations capped returns later in the quarter. Muni Taxable and US Credit were among the top performing fixed income sectors. - Yields across the curve fell, with the U.S. 10-year yield ending the quarter at 4.2% (down 8 bps from Q2), and the two-year Treasury yield finishing at 3.6%.				+2.0%	+6.1%
Interest Rates	- The Fed conducted its Q3 meeting in September with a 25-basis point rate cut, lowering the target range to 4.00%-4.25% - The 10-year yield fell 0.08%, (8 basis points) over the quarter, from 4.23% to 4.15%.					
Currencies	<u>USD/EUR</u>	<u>USD/JPY</u>	<u>USD/GBP</u>	<u>USD/CNY</u>	<u>USD\$X (DXY)</u>	
3Q25	+0.5%	+2.7%	+2.1%	-0.6%	+0.9%	
YTD	-11.8%	-5.9%	-6.9%	-2.5%	-9.9%	

Labor Market and Consumers



U.S. Stock Market – Historical Valuation and Sensitivity



S&P 500 Index

	Price	Trailing P/E
September 30, 2025	6,688.46	27.8x
September 22, 2025	6,693.75 (all time high)	27.9x
February 11, 2016	1,829.08 (10-year low)	16.6x

S&P 500 Equal Weight Index

	Price	Trailing P/E
September 30, 2025	7,693.41	20.4x
September 30, 2025	7,693.41 (all time high)	20.4x
February 11, 2016	2,762.32 (10-year low)	16.1x

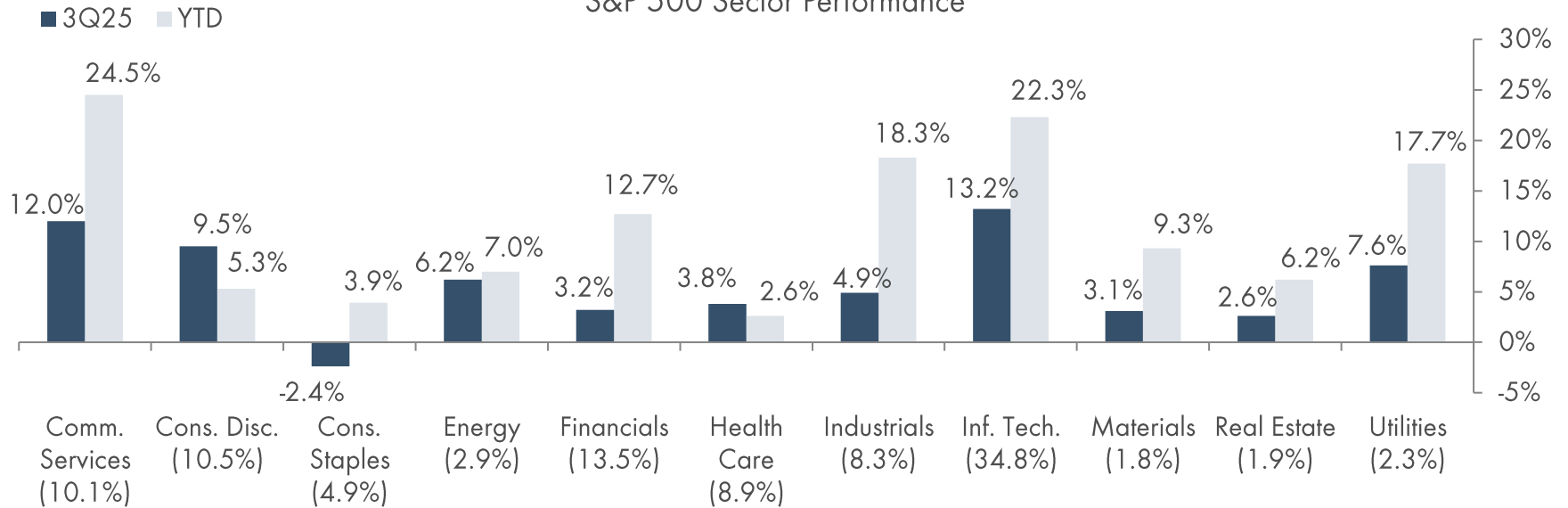
Despite elevated markets, don't fight the Fed

Date of Rate Cut when S&P within 2% of All-Time High	% Away from All-Time High (Day Before Announcement)	S&P 500 Returns		
		Next 3 Months	Next 6 Months	Next Year
7/25/80	-0.6%	5.9%	7.5%	7.6%
1/11/83	All-Time High	6.4%	15.3%	15.1%
2/28/83	All-Time High	9.7%	9.6%	5.9%
1/15/85	-1.2%	5.9%	12.8%	21.9%
5/20/85	All-Time High	-0.9%	4.9%	24.5%
3/7/86	-0.8%	6.4%	10.0%	27.8%
4/21/86	-0.3%	-3.5%	-3.6%	19.7%
8/26/86	-1.9%	-1.6%	11.9%	32.3%
7/31/89	All-Time High	4.9%	2.3%	12.7%
7/13/90	-0.3%	-16.6%	-13.3%	7.9%
3/8/91	-0.2%	1.8%	5.3%	11.5%
8/6/91	-0.8%	0.7%	7.6%	11.0%
10/31/91	-0.5%	5.0%	7.3%	11.1%
11/6/91	-1.4%	6.9%	8.4%	10.4%
7/2/92	-0.9%	0.4%	7.4%	11.5%
9/4/92	-1.3%	4.4%	8.8%	13.1%
7/6/95	-0.6%	5.8%	13.0%	20.6%
1/31/96	All-Time High	3.4%	1.8%	26.3%
7/31/19	-0.4%	2.4%	9.3%	12.0%
9/18/19	-0.3%	6.7%	-19.5%	12.5%
10/30/19	-0.1%	8.3%	-3.4%	9.4%
9/18/24	-0.3%	4.9%	0.6%	19.6%
11/7/24	All-Time High	1.2%	-5.1%	??
9/17/25	-0.1%	??	??	??
Average		3.0%	4.3%	15.7%
Median		4.9%	7.4%	12.6%
% Higher		83%	78%	100%

Source: Bloomberg; Federal Reserve. Data prior to 9/11/1989 represents S&P 500 Index price returns.

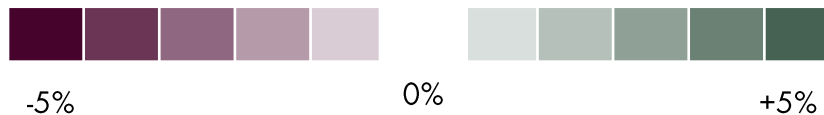
U.S. Stock Market – sector and style

S&P 500 Sector Performance

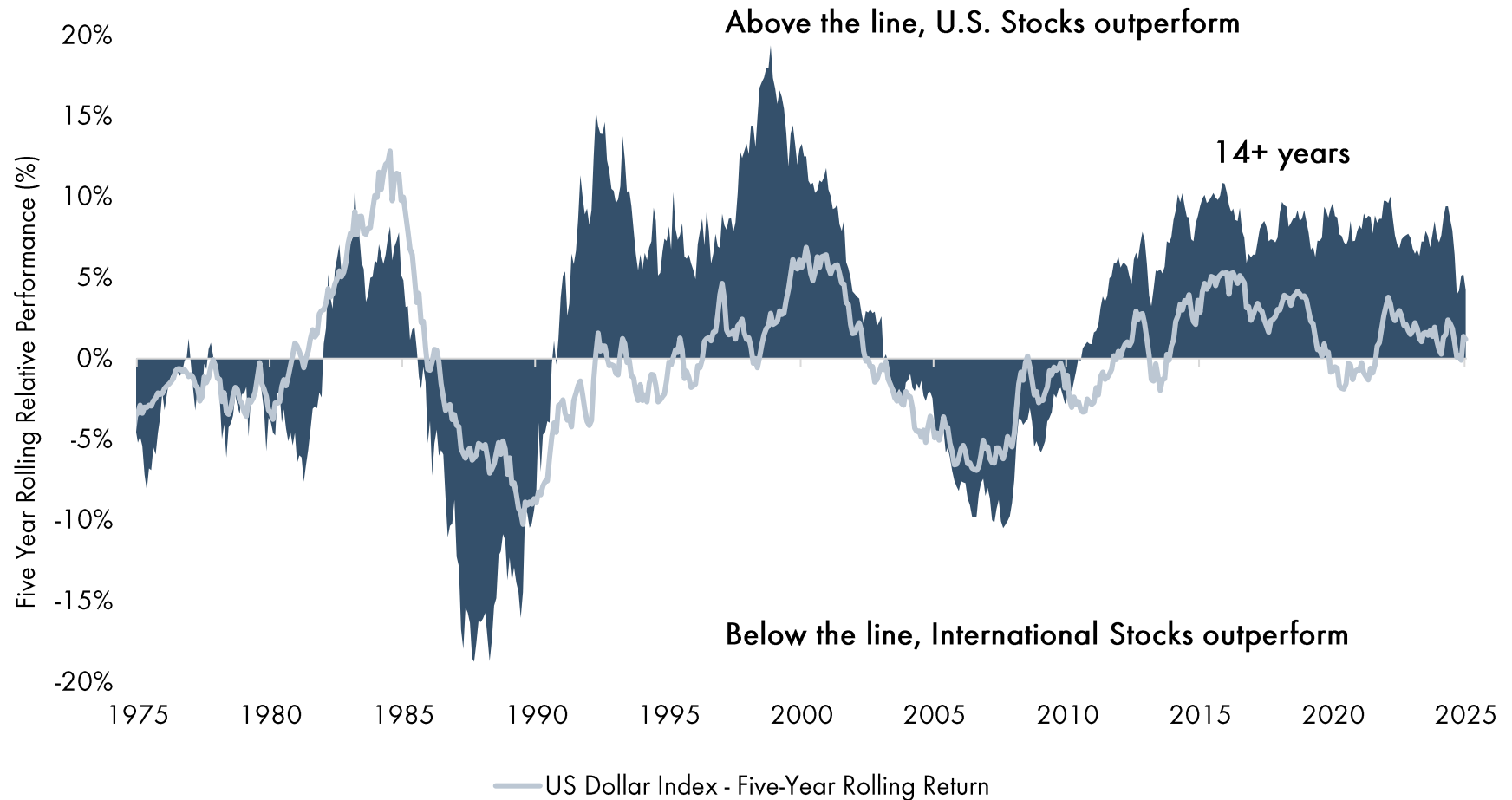


	3Q25		
S&P 500	8.1%		
Russell 3000	8.2%		
Large	5.3%	8.0%	10.5%
Mid	6.2%	5.3%	2.8%
Small	12.6%	12.4%	12.2%
	Value	Core	Growth

	YTD		
S&P 500	14.8%		
Russell 3000	14.4%		
Large	11.7%	14.6%	17.2%
Mid	9.5%	10.4%	12.8%
Small	9.0%	10.4%	11.7%
	Value	Core	Growth

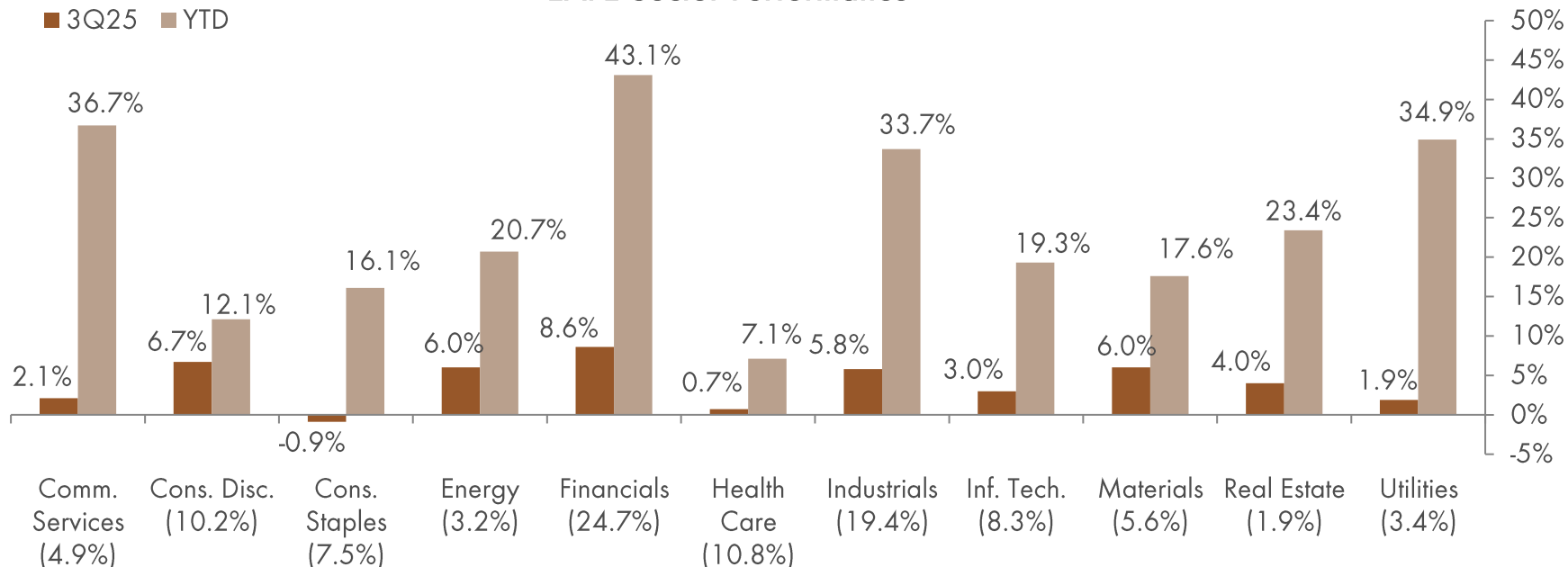


U.S. stock vs. International stock performance



International Stock Market – sector and style

EAFE Sector Performance



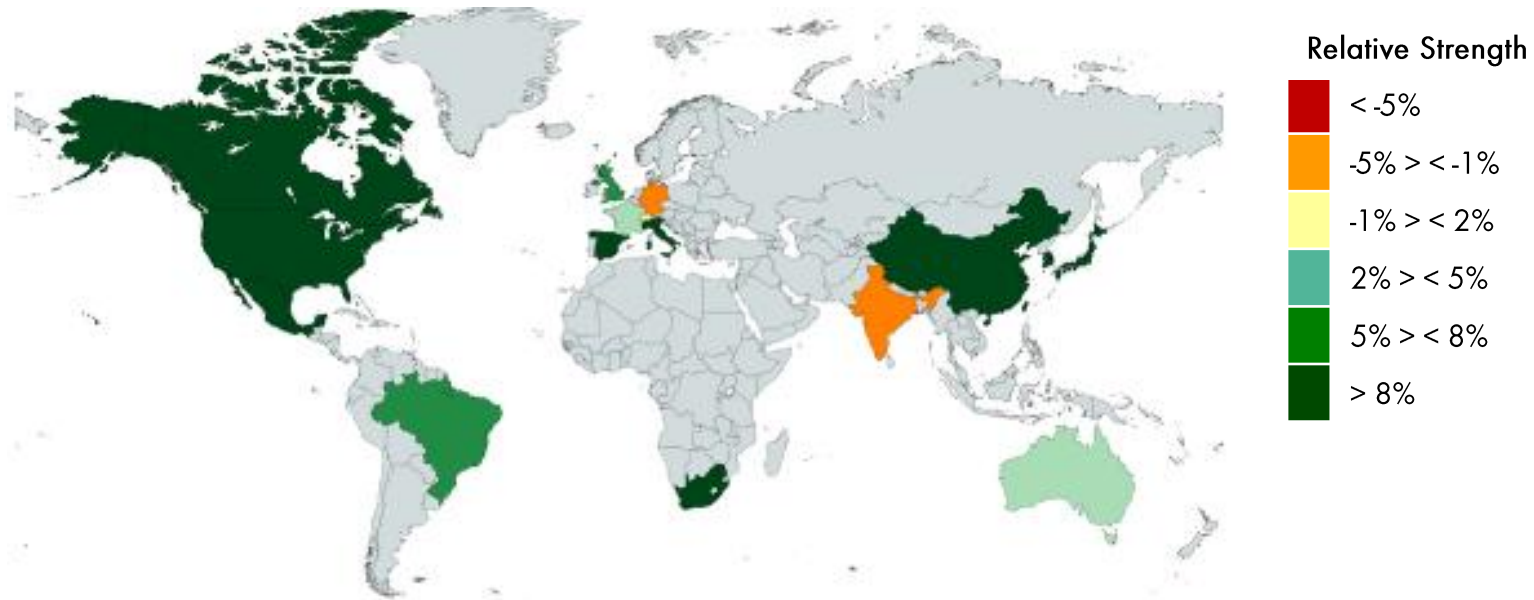
	3Q25		
EAFE	7.4%	4.8%	2.2%
EAFE Small Cap	8.1%	6.2%	4.6%
ACWI ex U.S.	8.1%	6.9%	5.7%
Emerging Mkts	8.7%	10.6%	12.3%
	Value	Core	Growth

	YTD		
EAFE	31.9%	25.1%	18.5%
EAFE Small Cap	32.4%	28.4%	25.7%
ACWI ex U.S.	29.6%	26.0%	22.5%
Emerging Mkts	24.8%	27.5%	30.0%
	Value	Core	Growth



Global stock returns

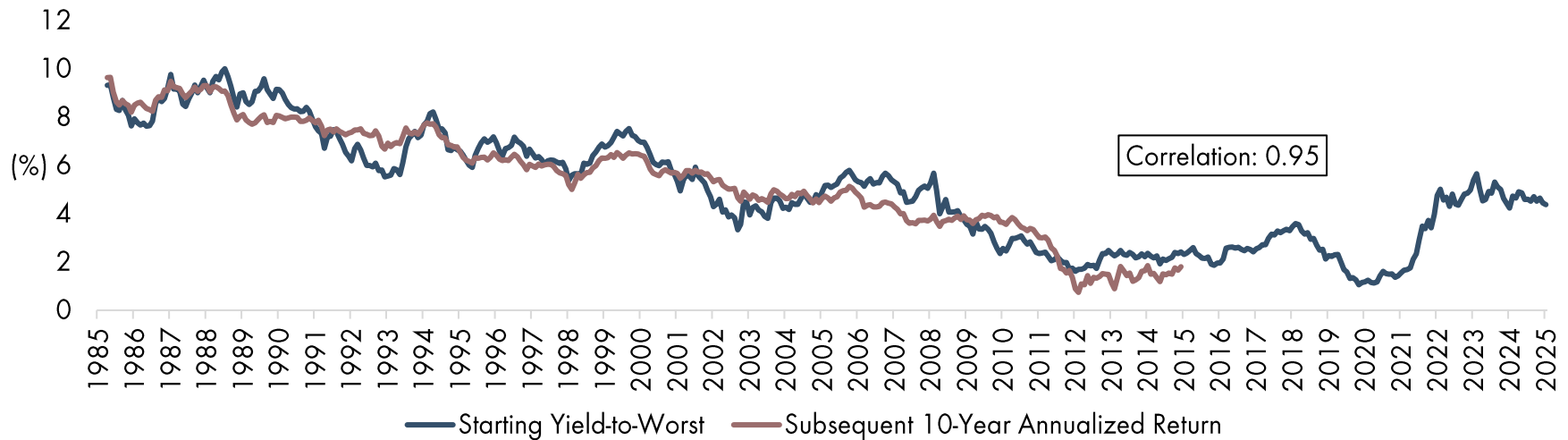
Third Quarter Relative Strength



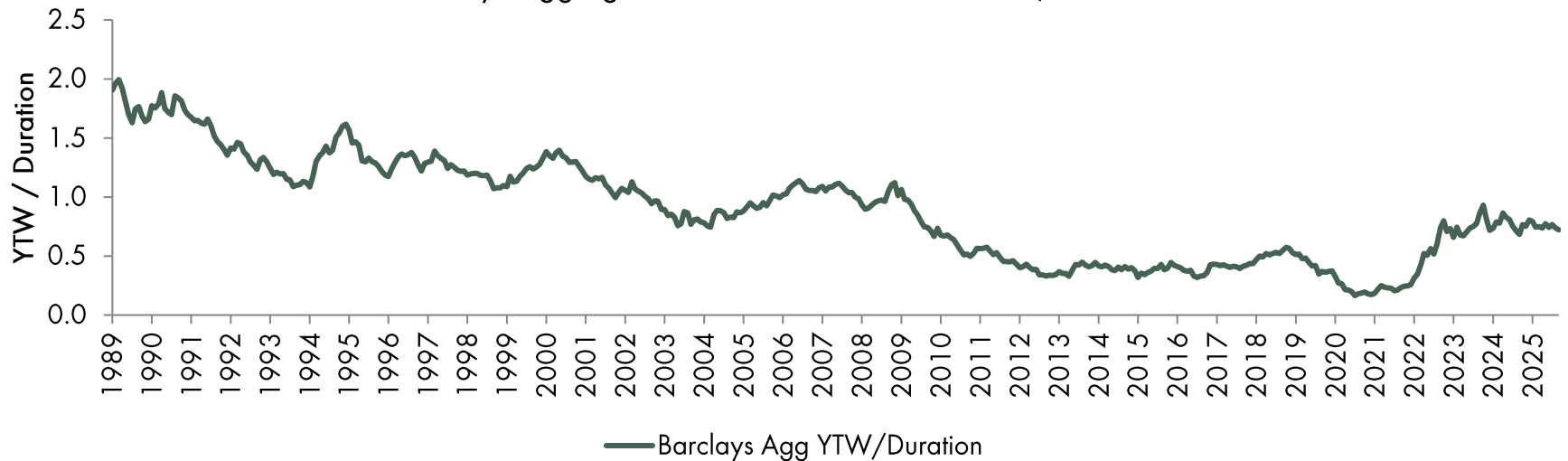
	3Q25		YTD	
	Local Return	USD Return	Local Return	USD Return
International Developed Markets Index				
MSCI EAFE Index	5.4%	4.8%	13.6%	25.1%
Emerging Markets Index				
MSCI EM Index	12.2%	10.6%	24.3%	27.5%

Yields and forward returns

Barclays Aggregate Bond Index - Starting Yield and Subsequent 10 Year Return

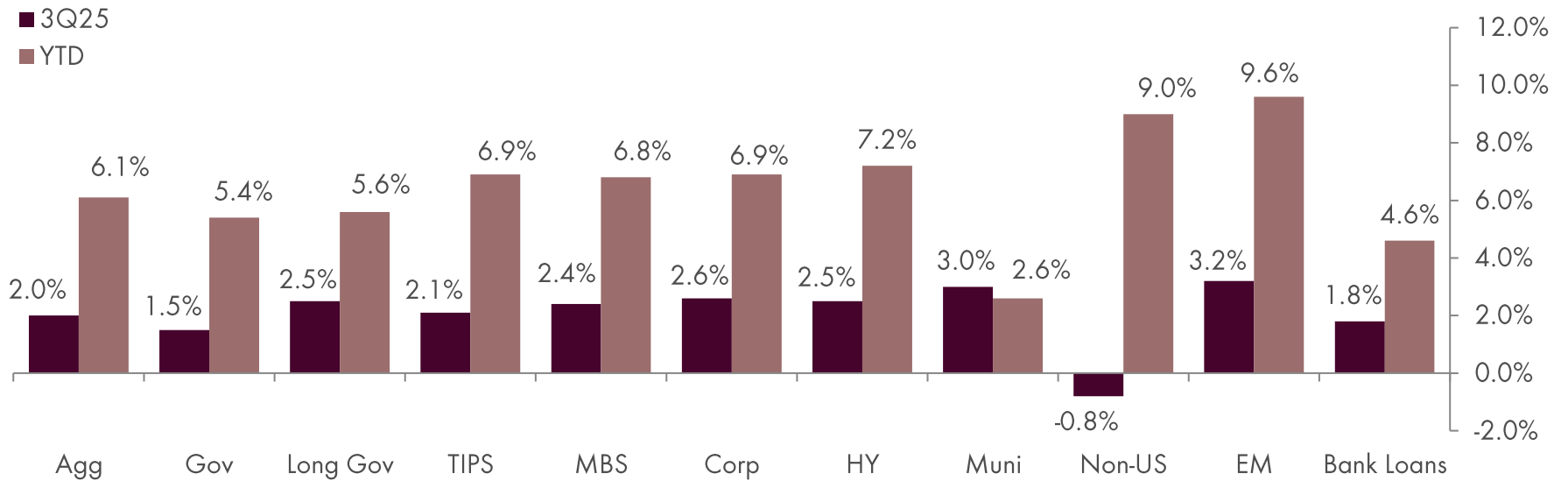
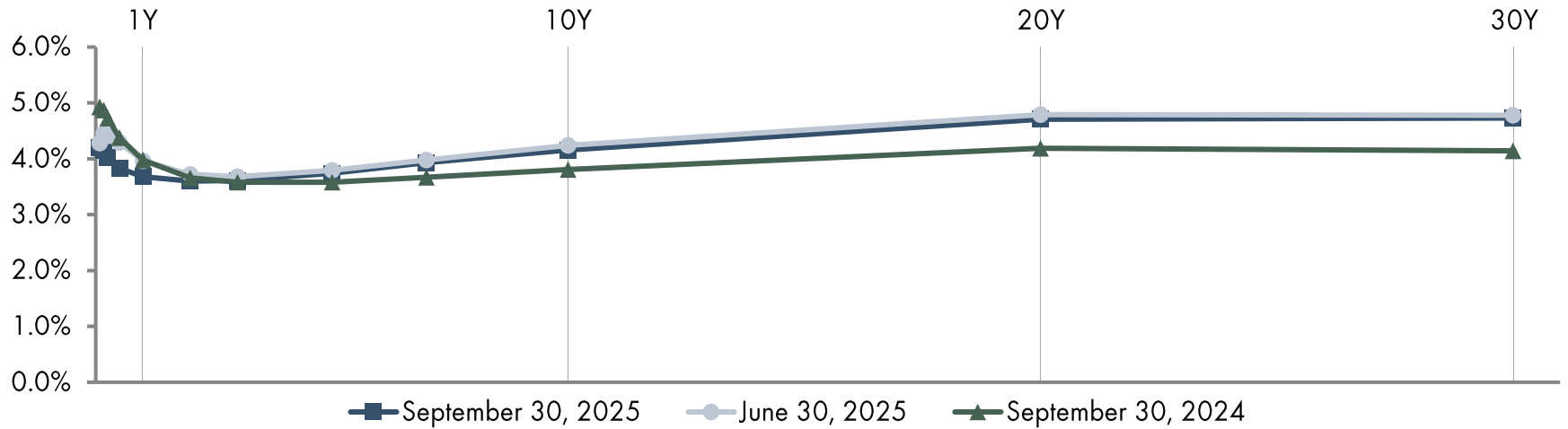


Barclays Aggregate Bond Index - Yield to Worst/Duration Ratio



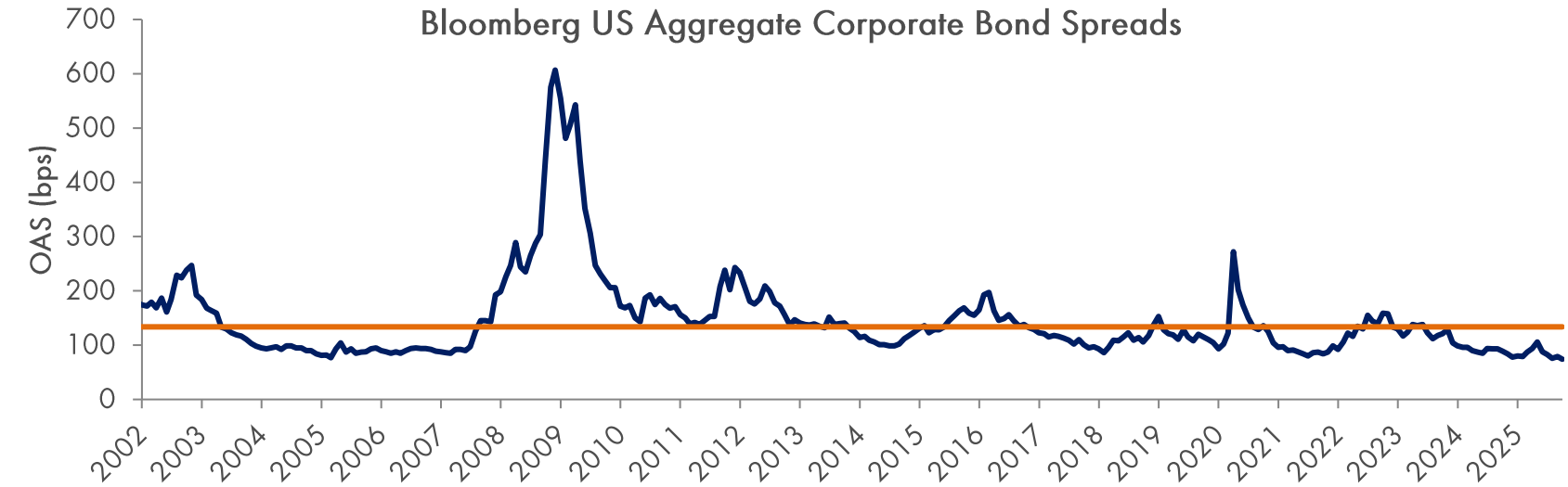
Source: Bloomberg, Federal Reserve, WIRP implied rate is based on trading activity for futures, options and related instruments.

Treasury yield curve and bond sector returns



Source: U.S. Treasury, Bloomberg

Fixed Income spreads



Source: U.S. Treasury, Bloomberg

Tactical positioning 3Q25

Asset Class	Underweight Overweight Neutral to Target	Comments
Cash	Neutral	Money market funds currently paying around 4.1%
Short Term	Overweight	Conservative “dry powder” for rebalancing purposes, capital calls
Total Return	Underweight	Diversified, consider global bonds
Credit Alternatives	Overweight	Private debt solutions for commercial real estate continues to be attractive. For mutual funds, we prefer flexible strategies
Large Cap	Underweight	Passive management or Separately Managed Accounts preferred
Mid Cap	Overweight	Active management preferred
Small Cap	Overweight	Active management preferred
International	Neutral	Active management preferred. Attractive from a valuation standpoint relative to the U.S. and on an absolute basis
Emerging Markets	Neutral	Attractive from a valuation standpoint relative to the U.S. but expect volatility
Growth Alternatives	Neutral to underweight	
Private Equity	Neutral to underweight	Prefer small buyout specialists and secondaries
Private Real Estate	Neutral to overweight	Prefer niche opportunities

Annual Total Returns of Key Asset Classes as of 3Q25

	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD	15 Year Annualized
Best	US Small Cap 21.3	Emg Mkts 37.3	Inflation 1.9	US Large Cap 31.5	US Small Cap 20.0	Real Estate 41.3	Inflation 6.5	US Large Cap 26.3	US Large Cap 25.0	Emg Mkts 27.5	US Large Cap 14.6
	US Mid Cap 13.8	Intl Equity 27.2	US Bonds 0.0	US Mid Cap 30.5	US Large Cap 18.4	US Large Cap 28.7	Growth Alts -5.8	US Mid Cap 17.2	US Mid Cap 15.3	Intl Equity 26.0	US Mid Cap 12.1
	US Large Cap 12.0	US Large Cap 21.8	Real Estate -4.0	Real Estate 28.7	Emg Mkts 18.3	US Mid Cap 22.6	US Bonds -13.0	US Small Cap 16.9	Growth Alts 14.8	US Large Cap 14.8	US Small Cap 10.4
	Emg Mkts 11.2	US Mid Cap 18.5	US Large Cap -4.4	US Small Cap 25.5	US Mid Cap 17.1	US Small Cap 14.8	Intl Equity -16.0	Intl Equity 15.6	US Small Cap 11.5	US Mid Cap 10.4	Real Estate 8.4
	Real Estate 8.6	US Small Cap 14.6	Growth Alts -4.6	Intl Equity 21.5	Intl Equity 10.7	Growth Alts 8.3	US Mid Cap -17.3	Real Estate 11.4	Emg Mkts 7.5	US Small Cap 10.4	Intl Equity 6.0
	Intl Equity 4.5	Growth Alts 13.4	US Mid Cap -9.1	Emg Mkts 18.4	Growth Alts 7.9	Intl Equity 7.8	US Large Cap -18.1	Growth Alts 10.9	Intl Equity 5.5	US Bonds 6.1	Emg Mkts 4.0
	US Bonds 2.6	Real Estate 8.7	US Small Cap -11.0	Growth Alts 12.2	US Bonds 7.5	Inflation 7.0	Emg Mkts -20.1	Emg Mkts 9.8	Real Estate 4.9	Real Estate 4.5	US Bonds 2.3
	Inflation 2.1	US Bonds 3.5	Intl Equity -14.2	US Bonds 8.7	Inflation 1.4	US Bonds -1.5	US Small Cap -20.4	US Bonds 5.5	Inflation 2.9		
Worst	Growth Alts -3.4	Inflation 2.1	Emg Mkts -14.6	Inflation 2.3	Real Estate -5.1	Emg Mkts -2.5	Real Estate -24.9	Inflation 3.4	US Bonds 1.3		

Source: Morningstar

Important Disclosures

- These materials have been prepared exclusively for a presentation and may not be distributed in whole or in part to any other person without the express written consent of Allium Financial Advisors, LLC.
- Statements within this presentation should not be construed as guarantees, warranties or predictions of future events, portfolio allocations, portfolio results, investment returns, or other outcomes. None of the material contained in this presentation is intended as a solicitation or offer to purchase or sell a specific stock.
- ***Past performance of indexes does not guarantee future results.*** Future returns may differ significantly from the past due to materially different economic and market conditions and other factors.
- Investment advisory services offered through Allium Financial Advisors, LLC, a Registered Investment Adviser with the U.S. Securities and Exchange Commission. This material is intended for informational purposes only. It should not be construed as legal or tax advice and is not intended to replace the advice of a qualified attorney or tax advisor.
- The information contained may have been compiled from third party sources and is believed to be reliable, but no independent verification of such information has been undertaken.