

Access Insights: Q4 2025



Navigating the Tightrope

The third quarter of 2025 presented a complex and rapidly evolving landscape for investors. Equity markets extended their climb to record highs, yet elevated valuations, shifting economic indicators, and ongoing geopolitical uncertainties created a challenging backdrop.

Navigating the Tightrope - continued

The sharp sell-off in global equities on October 10 appeared to stem from an “emotional blip” triggered by remarks from either President Trump or President Xi regarding the U.S.–China trade dispute. Markets swiftly regained roughly half of the losses the following Monday after President Trump softened his tone on trade. Nonetheless, the episode served as a timely reminder that markets rarely move in a single direction.

If U.S.–China tensions fail to ease, concerns over stretched valuations, concentrated market leadership, and the ongoing AI-driven exuberance—reminiscent of the early-2000s dot-com bubble—could set the stage for a deeper correction than many anticipate.

Navigating the Tightrope - Continued

This newsletter provides a comprehensive review of economic and market developments during Q3 2025 and outlines our outlook for Q4 and beyond, highlighting key risks and opportunities as markets continue to evolve.

Market and Economic Review

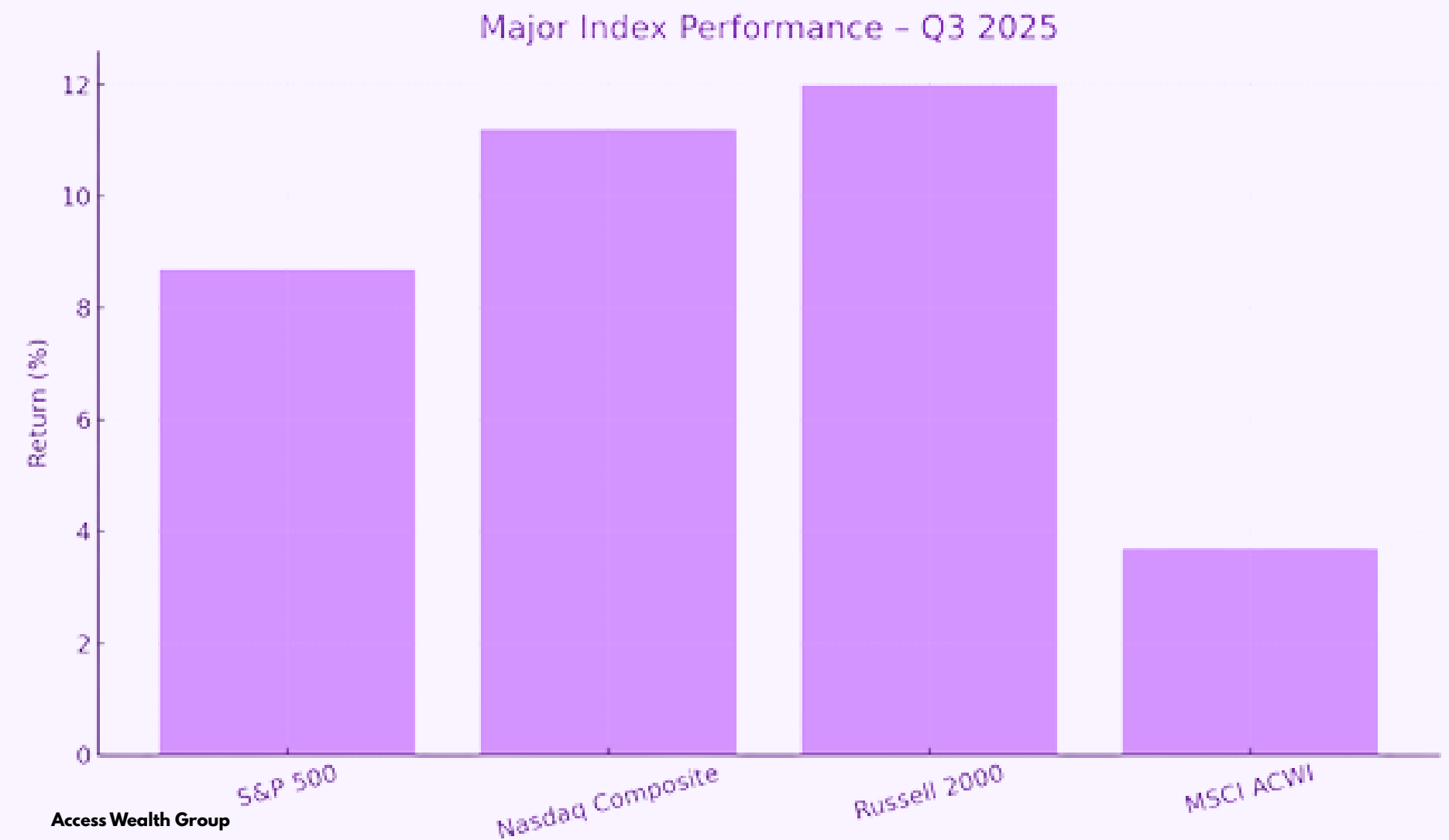
The quarter was defined by a technology-led rally, a pivotal Federal Reserve rate cut, and a resilient yet uneven economy. Despite strong market performance, the underlying data revealed signs of divergence beneath the surface.

Equity Market Performance

U.S. equities posted robust gains across the board in Q3.

The Russell 2000 led with a remarkable 12.0% return, suggesting a potential broadening of market leadership beyond the mega-cap technology names that have dominated much of the past year. The Nasdaq Composite advanced 11.2%, continuing its AI-fueled momentum.

Major Index Performance: Q3 2025



Thanks to our well-diversified Access Wealth strategy and the effective signals generated by our asset allocation models...

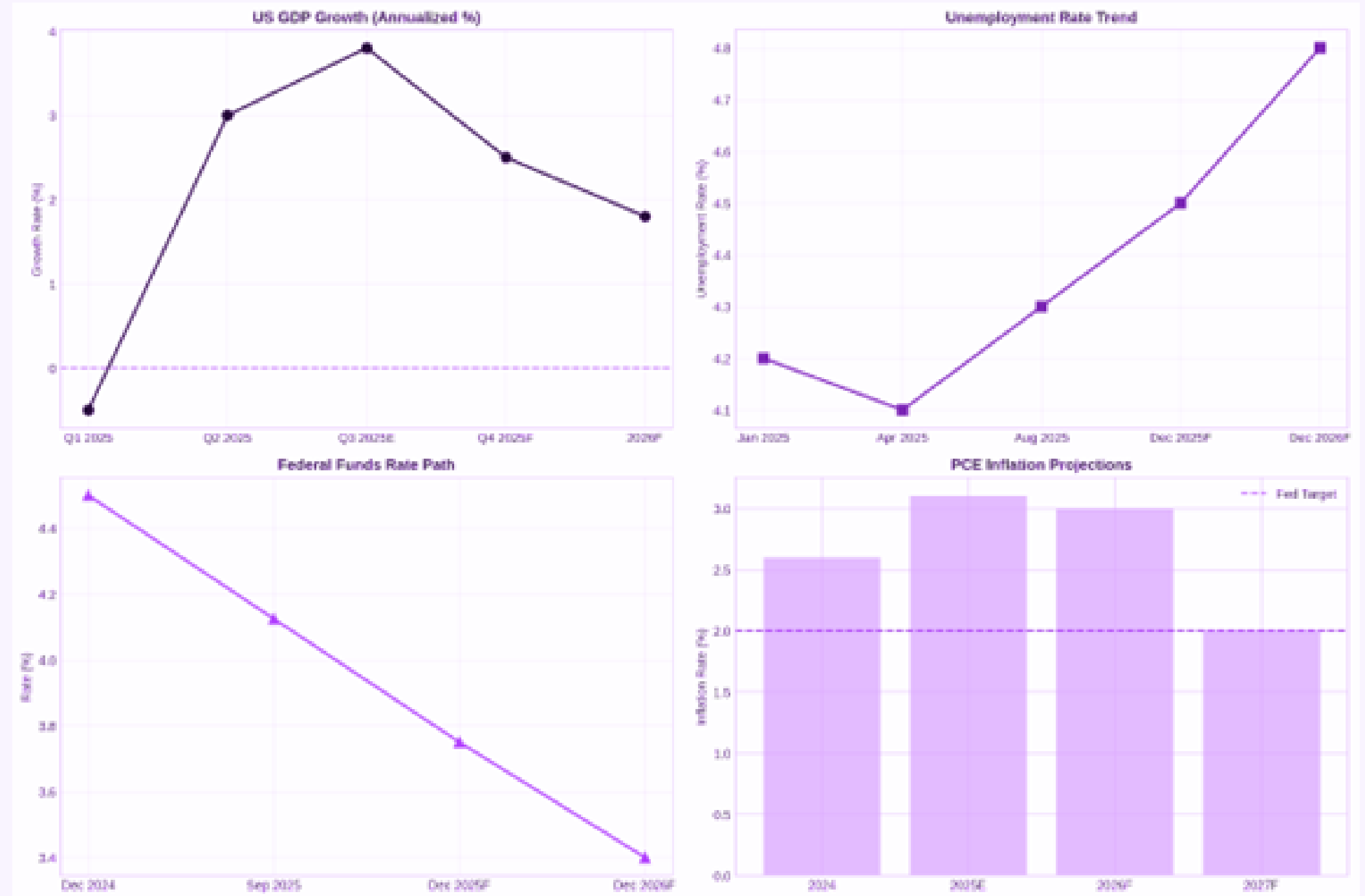
Most of our investment portfolios outperformed their benchmarks—recovering from earlier-year lags caused by the narrow market concentration. We expect continued solid performance in Q4 as the bull market broadens beyond large-cap growth stocks.



Economic Landscape

The U.S. economy navigated a mix of tailwinds and headwinds in Q3 2025.

Real GDP growth accelerated to an estimated 3.8%, up from 3.0% in Q2. However, the labor market showed signs of softening, with the unemployment rate ticking up to 4.3% in August.



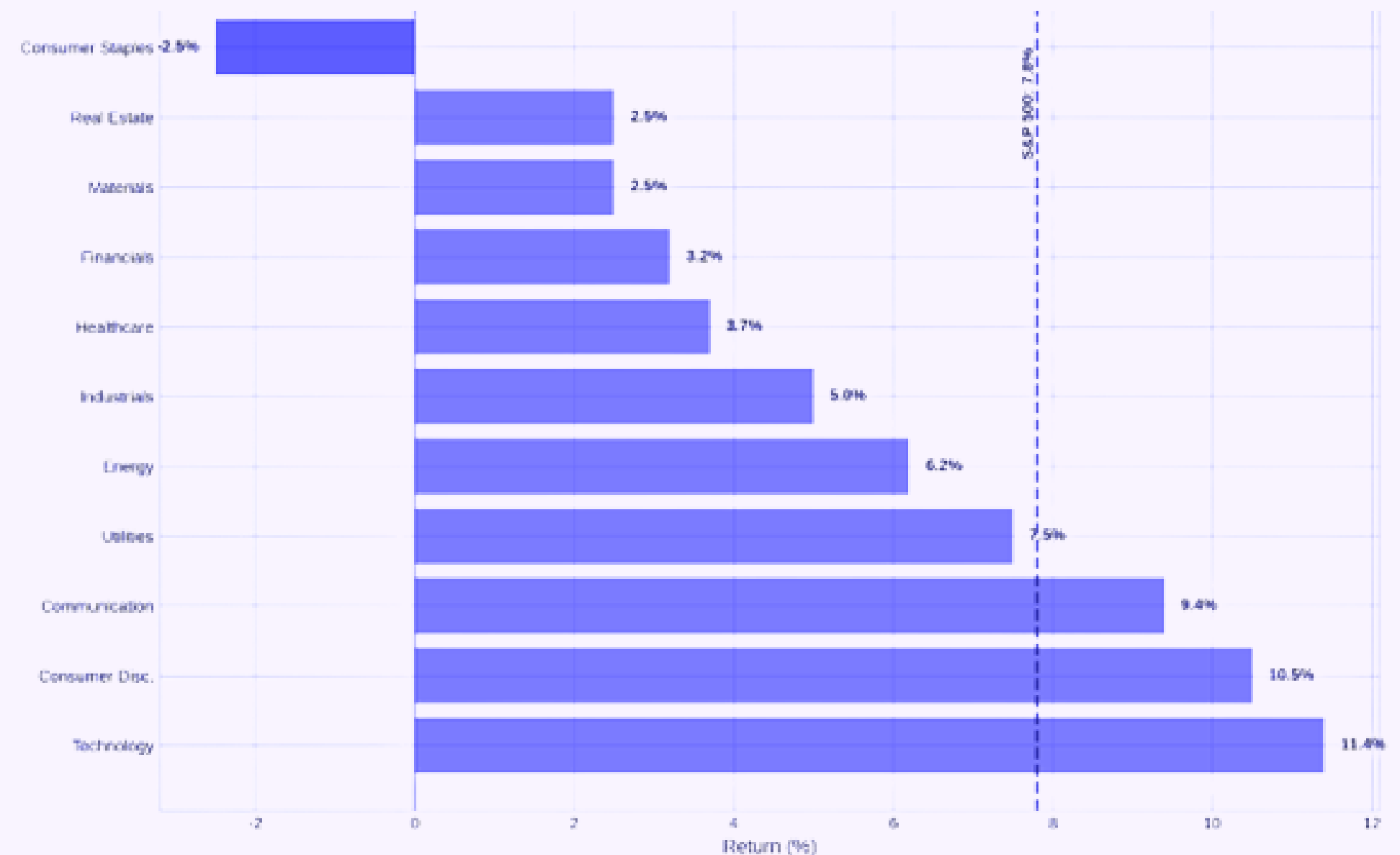
Economic Landscape - Continued

In September, the Federal Reserve cut the federal funds rate by 25 basis points to **a target range of 4.00–4.25%**, citing a shift in risks toward slower employment growth and reduced inflation pressure. This long-anticipated move marked a turning point in monetary policy and provided additional support to both equities and fixed income markets.

Sector Performance

Sector trends reflected a 'two-speed' market. Technology (+11.4%) and Consumer Discretionary (+10.5%) led performance, while Utilities (+7.5%) benefited from easing rate expectations. Consumer Staples lagged, posting the only negative return of the quarter, as rising input costs and moderating pricing power compressed margins.

Q3 2025 S&P 500 Sector Performance



Source: Access Wealth Group

Corporate Earnings

Corporate America continued to deliver solid results. With GDP growth at 3.8%, a weaker U.S. dollar (-5% YoY), and ongoing AI investment, the S&P 500 is poised for earnings growth of roughly 8.0% in Q3—marking the ninth consecutive quarter of expansion. While the 'Magnificent Seven' remain key contributors, there are encouraging signs of broader participation across sectors, signaling a more sustainable foundation for future earnings.

Tariff-driven slowdown unlikely to hurt Q3 Earnings Growth much...



Source: LPL Research, FactSet

Outlook for Q4 2025 and Beyond

Looking ahead, the market continues to walk a tightrope between the powerful tailwinds of innovation and the headwinds of slower growth and elevated valuations. As of quarter-end, U.S. equities traded at a 3% premium to fair value, a level reached only about 15% of the time since 2010.

Despite September's historical reputation as a weak month for global equities (–1.0% on average over the past decade), 2025 bucked the trend.

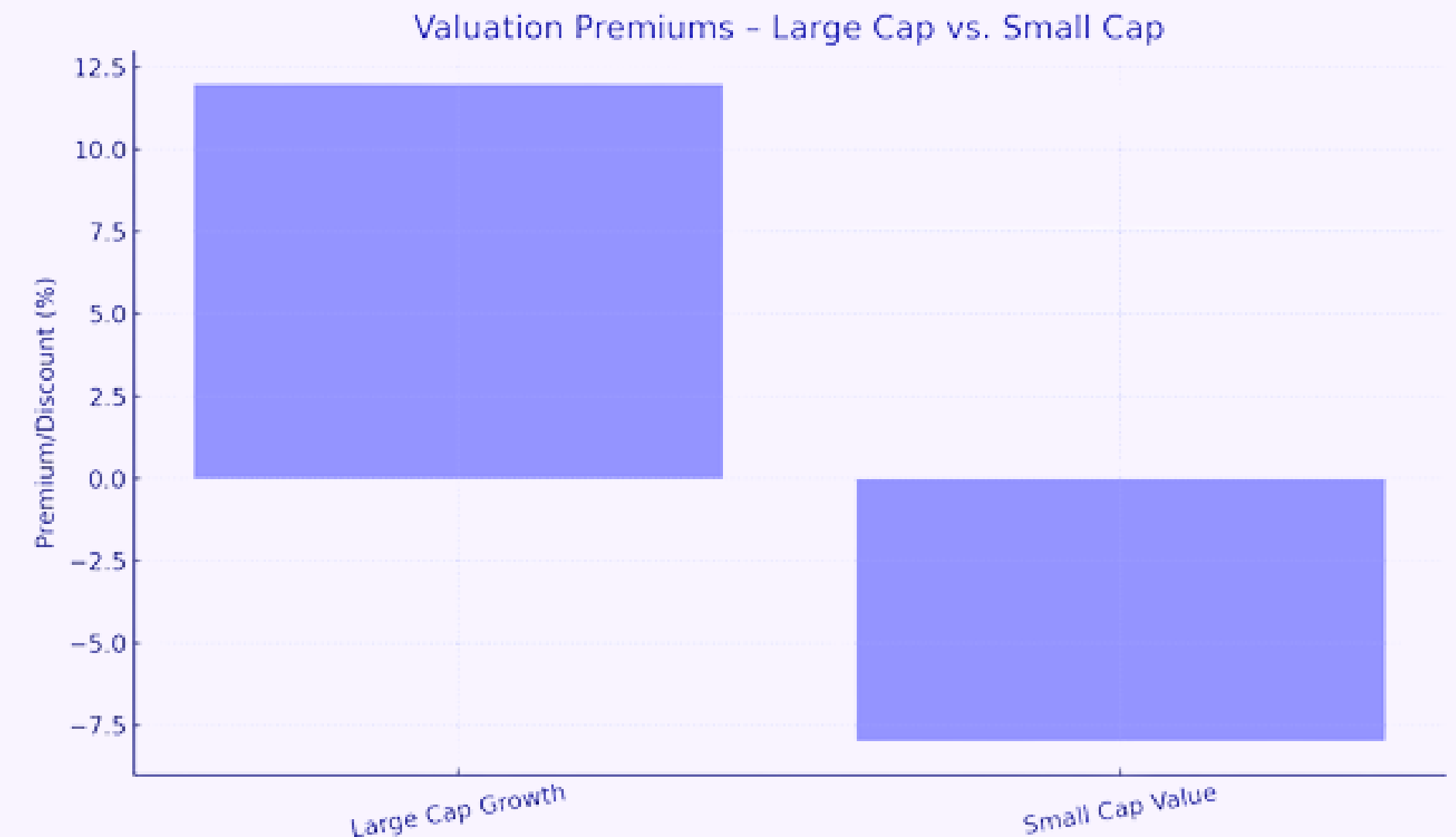
- The MSCI All Country World Index rose 3.7%, driven by emerging markets (+7.2%).
- Our overweight international positioning—particularly in Chinese large caps—proved beneficial, and we anticipate continued inflows as global investors respond to 'fear of missing out' sentiment.

Outlook for Q4 2025 and Beyond - Continued

China's Golden Week holiday (Oct 1-8) brought a 45% surge in domestic travel bookings, signaling a potential rebound in **consumer confidence**. Coupled with November's Singles Day, we see room for a consumer-led recovery in China. Accordingly, we remain overweight emerging markets and Chinese equities heading into Q4.

Valuation Analysis

Valuations remain a defining feature of the current environment. Large-cap growth stocks are trading at a 12% premium to fair value, while small-cap and value segments continue to offer compelling opportunities for long-term investors seeking diversification and better risk-adjusted returns.



Source: Access Wealth Group

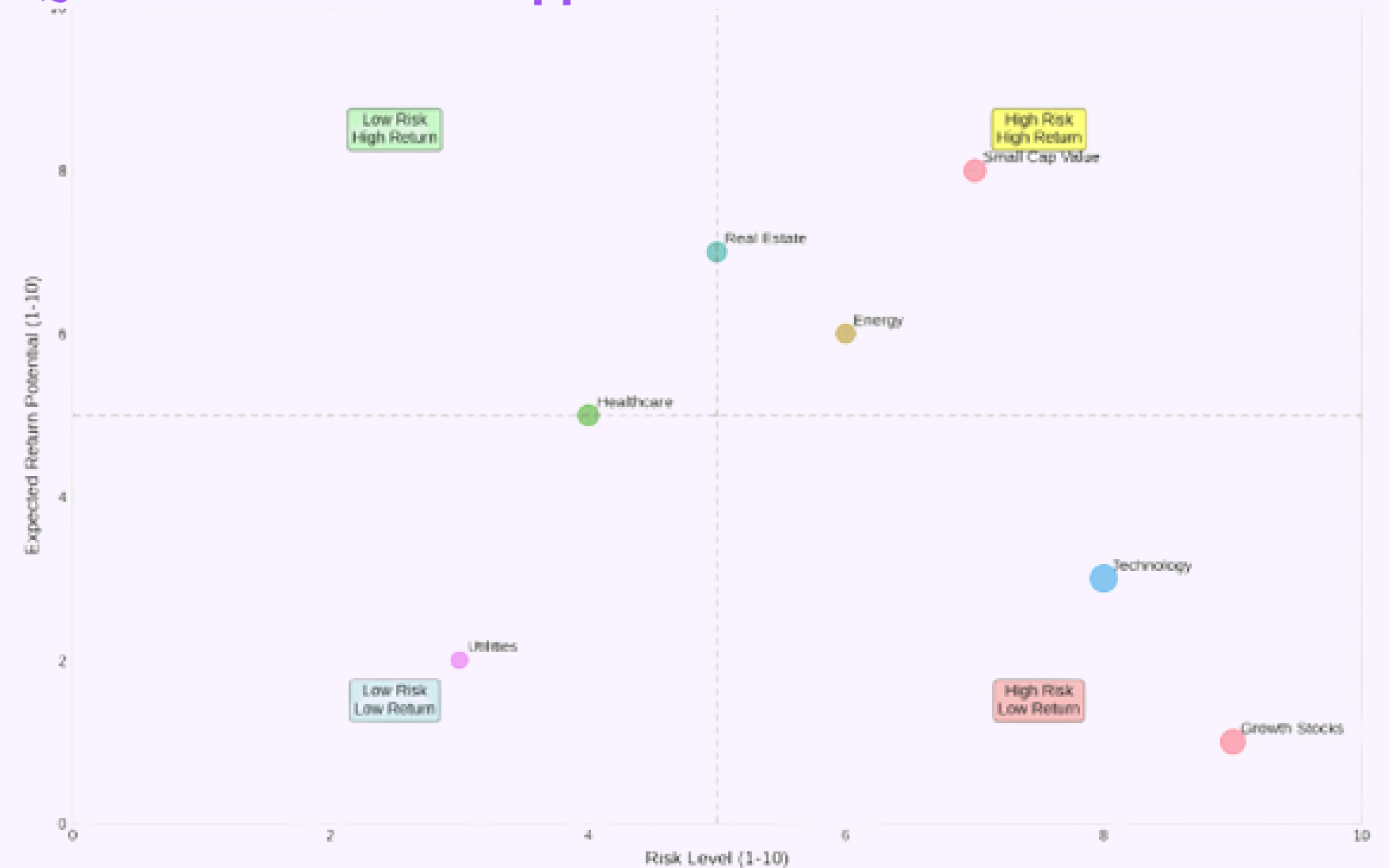
Risks and Opportunities

Investors face a delicate balance of risks and opportunities.

Key risks include:

- Persistent market concentration in a few mega-cap stocks
- Renewed trade and tariff tensions
- A potential economic slowdown in 2026

Q4 2025 Investment Opportunities: Risk-Return Matrix



Conversely, opportunities are emerging in undervalued sectors such as real estate, energy, and healthcare, as well as across the small-cap value universe. Our models have recently increased allocations to these areas, reflecting favorable risk-reward dynamics.

In Summary: Cautious and ready to act

The path ahead requires both discipline and flexibility. While markets have displayed remarkable resilience, high valuations and an uncertain macro backdrop call for prudence.

A diversified and valuation-conscious approach remains essential to navigating this environment effectively.

We are here to monitor and leverage our model discipline to approach this unique time for you!





To learn more, contact us

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