

Month-End Summary – October 2025

Market Update

- **S&P 500 and Nasdaq Monthly Performance:**
 - **U.S. equities extended their advance in October:** the S&P 500 gained ~2.3%, while the Nasdaq Composite climbed ~4.7%, powered by renewed strength in mega-cap tech and AI names
 - **For October, leadership remained tech-heavy:** however, participation broadened to include financials, industrials, and consumer discretionary, signaling improving market confidence
 - **Breadth stayed constructive:** advancing issues continued to outpace decliners, and investors interpreted the Fed's late-October rate cut and the pause of quantitative tightening as supportive for risk assets heading into year-end
- **Key Drivers of Market Volatility:**
 - **Markets navigated October's volatility with a generally positive bias:** supported by policy easing and resilient corporate earnings. The Federal Reserve's second consecutive 25 bp rate cut (to 3.75%–4.00%) and announcement that quantitative tightening (QT) would end on December 1 helped anchor sentiment and stabilize short-term funding markets
 - **U.S. government shutdown:** despite the continued withholding of key economic data, investors largely looked through the uncertainty, focusing instead on improving liquidity conditions and a constructive earnings season
 - The combination of easier monetary policy, benign inflation prints, and upbeat AI-driven tech results kept risk appetite firm despite lingering macro blind spots
- **Labor Market and Fed Policy Update:**
 - **Labor is cooling at the margin.** Labor market data remained limited in October due to the ongoing U.S. government shutdown, forcing policymakers and investors to rely on private indicators and the September CPI release. Available data continued to signal a gradual cooling in employment conditions
 - **The Fed's October 29 meeting:** delivered another 25 bp rate cut (to 3.75%–4.00%) and confirmed plans to end quantitative tightening (QT) on December 1, citing rising risks to employment and market liquidity. Although inflation remains above the 2% target, the Fed acknowledged the increased uncertainty stemming from the lack of official data and framed policy as "incrementally accommodative but data-dependent"
 - **FOMC Projections:** officials reiterated that future adjustments will hinge on labor-market resilience and inflation trends once normal data collection resumes...which could potentially lead to a December pause vs. the prior expected cut of 25 bps

Investment Committee Update

- The Investment Committee (IC) continues to monitor the overall economic and market environment as we make our way towards the end of 2025, which is hard to believe. As always, the below bullet remains in place and is the foundation for our investment decisions
 - Investment Committee continues to actively identify possible alterations (additions/removals) to our various strategies by utilizing our **rigorous 5-step due diligence process**
- **Despite intermittent swings, U.S. equities extended gains in October, supported by the FOMC's second consecutive rate cut** and growing optimism that inflation is on a sustainable cooling path. While valuations remain elevated, investor sentiment was buoyed by resilient earnings and the Fed's clear signal of a more accommodative stance heading into year-end
- **A combination of factors influenced volatility during October:**
 - **Monetary policy and liquidity:** The Fed cut rates by 25 bps (to 3.75%–4.00%) and announced plans to end quantitative tightening (QT) on December 1, reinforcing confidence in financial stability. Probabilities remain elevated for a December rate cut, but it is data-dependent
 - **Policy uncertainty:** The U.S. government shutdown persisted, limiting the availability of official economic data and introducing an additional layer of macro uncertainty
 - **Energy and inflation:** Oil prices drifted lower into the high-\$50s, helping ease input cost pressures and supporting the disinflation narrative that underpins expectations for another cut in December
 - **Rates recalibration:** The yield curve re-steepened slightly as investors priced in a slower growth trajectory and additional Fed easing, while long-term yields stabilized
- **Underlying fundamentals continue to remain steady:**
 - **Earnings resilience:** Corporate results remained broadly solid, particularly among large-cap tech and AI beneficiaries, where free-cash-flow generation and margin strength continued to outperform expectations
 - **Labor and demand:** Private-sector data signaled a gradual softening in hiring but still orderly conditions; wage gains continued to normalize around mid-3% levels, and consumer spending proved resilient in the services-led segment
- The **Investment Committee** continues to monitor evolving economic and political developments—including the shutdown's duration and year-end fiscal debates—for potential impacts on U.S. and global markets. We remain constructive but selective, using market dislocations to refine positioning across equity and fixed-income strategies. As we approach 2026, we expect volatility to remain elevated but manageable, with policy, growth, and earnings trends likely to dictate sector leadership. Our focus remains on quality, cash flow durability, disciplined valuation, and balance-sheet strength

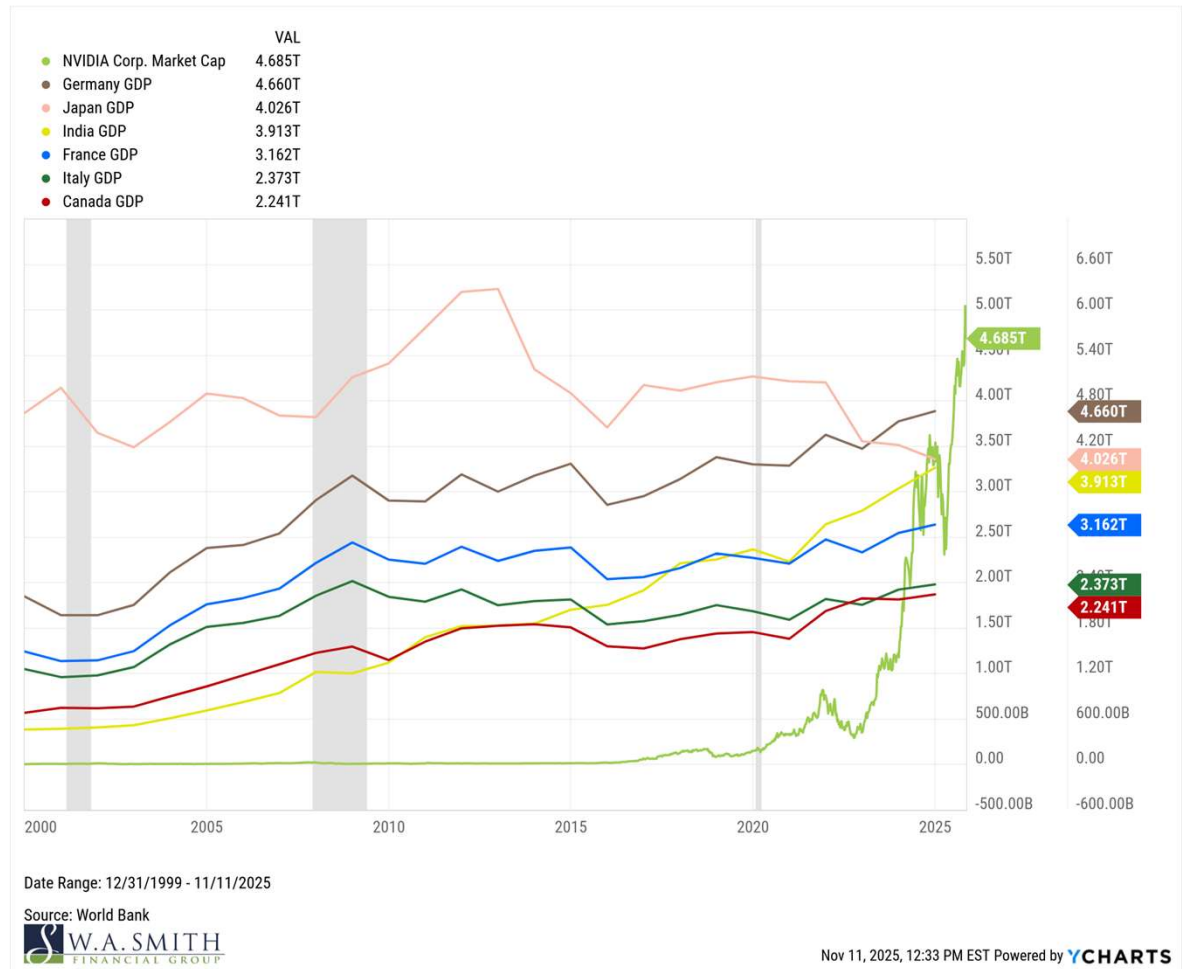
Market Cap Milestone	Approx. Year Reached	Years Since IPO (1999)	Notes / Context
\$1 Billion	2002	~3 years	Early success in gaming GPUs; GeForce 3 and 4 drove revenue growth despite tech-bubble volatility.
\$2 Billion	2003	~4 years	Rapid recovery after 2001 recession; Nvidia gained market share from ATI.
\$3 Billion	2004	~5 years	Expansion into professional visualization and early CUDA R&D; benefited from PC gaming rebound.
\$4 Billion	2005	~6 years	First consistent profitability; partnerships with Dell and HP in graphics hardware.
\$5 Billion	2006	~7 years	Launch of CUDA platform and Tesla architecture; start of the GPGPU era.
\$10 Billion	2010	~11 years	Data-center and mobile ambitions growing; Tegra chip line launched.
\$50 Billion	2017	~18 years	Data-center and gaming GPUs surge; AI leadership established.
\$100 Billion	2020	~21 years	AI adoption accelerates; COVID digital tailwinds; strong gaming demand.
\$1 Trillion	May 2023	~24 years	AI training demand (ChatGPT era) triggers re-rating.
\$2 Trillion	Feb 2024	~25 years	Earnings explode as data-center revenue doubles.
\$3 Trillion	Jun 2024	~25 years, 5 months	Becomes 3rd U.S. company to hit \$3 T.
\$4 Trillion	Jul 2025	~26 years, 6 months	Only 41 trading days after \$3 T milestone.
\$5 Trillion	Oct 2025	~26 years, 9 months	Added \$1 T in < 3 months — fastest wealth creation in public-market history.

NVIDIA: The Engine Behind the AI Economy's Exponential Growth

- NVIDIA's growth curve shows exponential acceleration — taking nearly 24 years to reach its first \$1 trillion but adding the next \$4 trillion in barely 18 months.**
 This illustrates how the company evolved from a niche GPU designer into the dominant platform powering global AI and data-center infrastructure, marking one of the fastest wealth-creation trajectories in the market's history
- NVIDIA's market cap trajectory mirrors the acceleration of the AI economy itself** — slow build in the hardware era, exponential compounding in the AI data-center cycle. What took nearly a quarter-century to build in foundational value was multiplied fivefold in less than two years
- Key inflection points define its transformation:**
 - 2006–2010: GPU computing and CUDA launch, enabling the parallel-processing era
 - 2016–2020: Data-center and AI workloads drive the first major re-rating
 - 2023–2025: The “AI super cycle” begins — ChatGPT-driven demand triggers a vertical market-cap surge from \$1 T to \$5 T, compressing decades of growth into two years

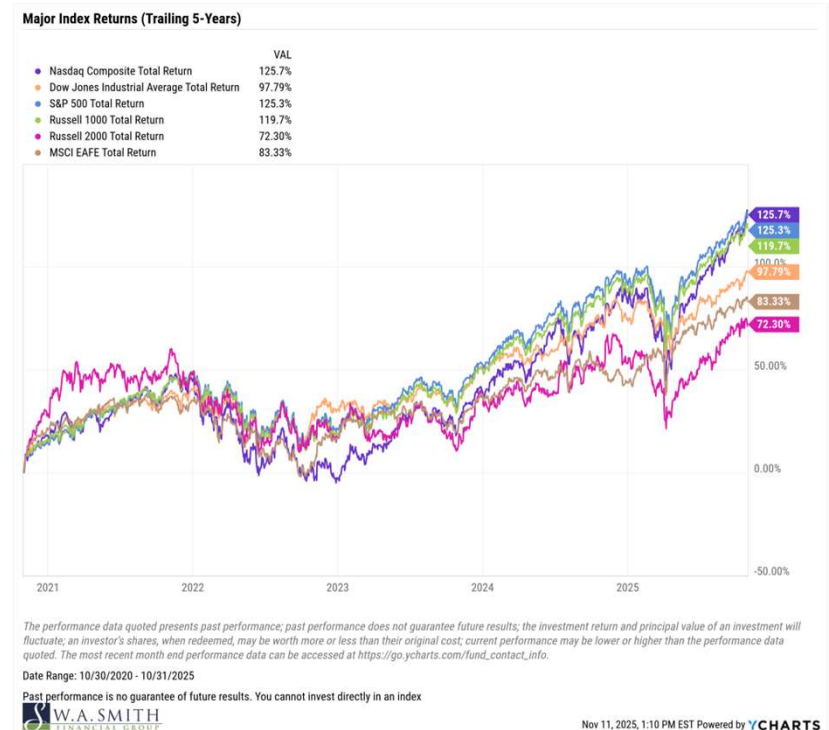
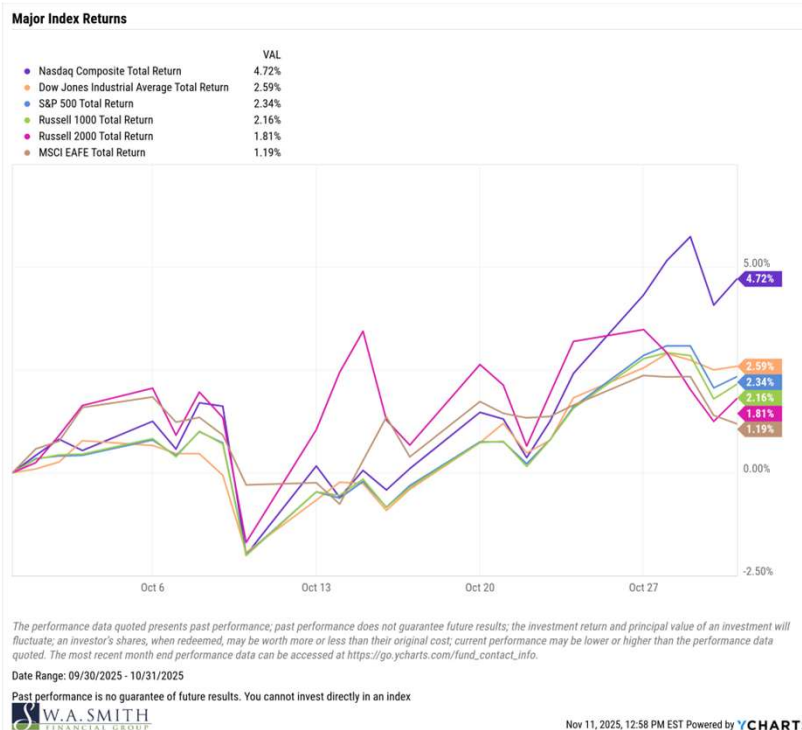
Welcome To The Country Of NVIDIA

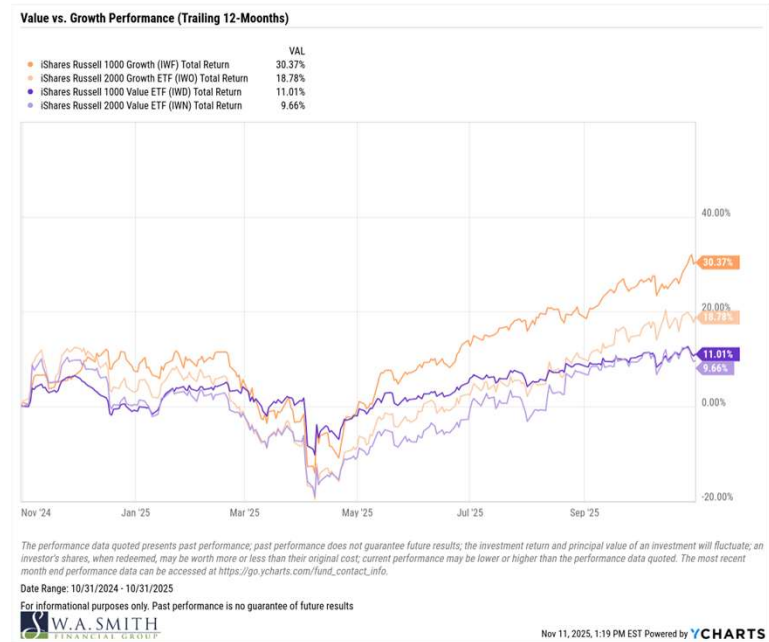
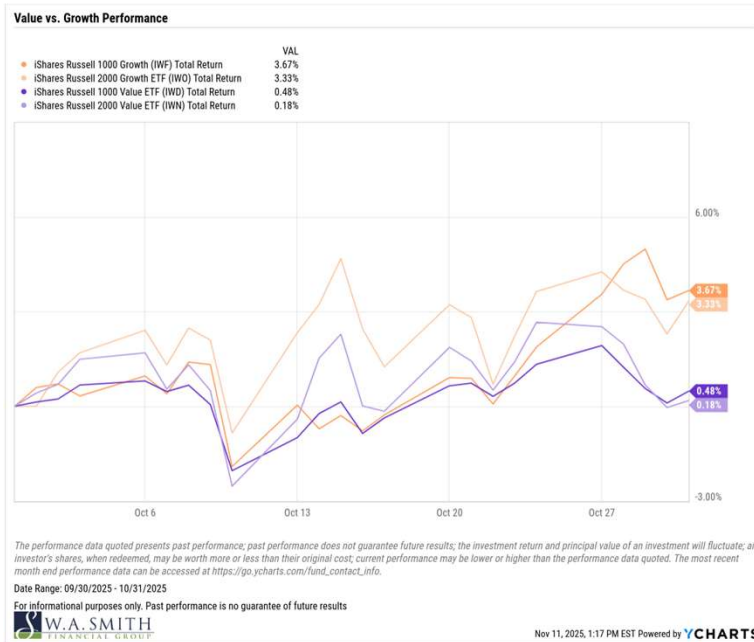
- **NVIDIA's market capitalization now rivals the GDP of major world economies.** As of November 2025, NVIDIA's market cap of \$4.685 trillion surpasses the annual economic output of countries such as Germany (\$4.66 T) and Japan (\$4.03 T), underscoring the unprecedented scale and valuation acceleration driven by the global AI and data center investment cycle
- **This growth illustrates the extraordinary pace of wealth creation in the AI era.** The company's market value has grown from near-zero at its 1999 IPO to a level comparable with the fifth-largest global economy in just over 25 years, reflecting both investor confidence in the transformative potential of AI and concentration risk within global equity markets



October 2025: Tech and AI Continue to Drive Market Outperformance

- **October 2025 Strength:** U.S. equities advanced broadly in October, led by the Nasdaq Composite (+4.72%), reflecting renewed leadership from large-cap tech and AI-related names. The S&P 500 (+2.34%) also gained, supported by solid earnings and Fed easing momentum
- **Growth Leadership Endures:** Over the past five years, growth-oriented indexes (Nasdaq +125.7%, S&P 500 +125.3%) have significantly outperformed value and international benchmarks, underscoring the dominance of innovation-driven sectors in long-term performance
- **Resilience Across Cycles:** Despite policy shifts, rate volatility, and macro uncertainty, the broader U.S. market has maintained a strong upward trajectory, far outpaced international peers, and reinforced U.S. market leadership and diversification benefits





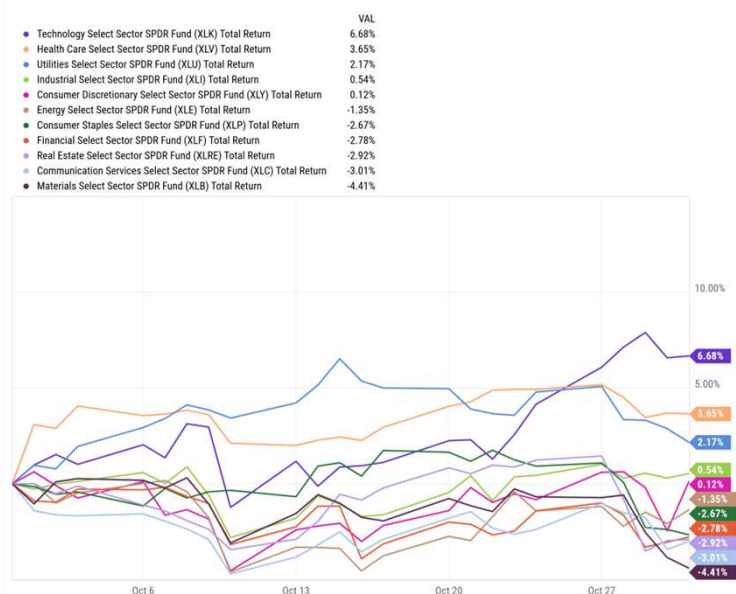
Growth Outperformance Sustained Across Market Capitalizations

- **Growth continues to lead:** In October, growth-oriented equities outperformed value, with the Russell 1000 Growth (+3.67%) and Russell 2000 Growth (+3.33%) well ahead of their value counterparts (+0.48% and +0.18%), reflecting ongoing strength in large-cap technology and AI-driven sectors
- **12-month leadership sustained:** Over the past year, growth indexes have significantly outpaced value, led by the Russell 1000 Growth (+30.4%) compared to the Russell 1000 Value (+11.0%) — underscoring investor preference for innovative, higher-earnings-growth companies amid easing inflation and interest rate expectations
- **Macro backdrop favors quality growth:** As the Fed transitions toward a more accommodative stance and inflation continues to moderate, investors have rewarded sectors with strong balance sheets (aka, strong fundamentals), pricing power, and structural tailwinds tied to technology and productivity gains

Technology Extends Multi-Month Leadership; Cyclical Under Pressure

- **Technology leads once again:** In October, **Technology (+6.68%)** outperformed all other sectors, extending its **12-month gain to +36.1%**, driven by strong demand for AI infrastructure, cloud services, and digital transformation themes
- **Defensive and cyclical divergence:** **Health Care (+3.65%)** and **Utilities (+2.17%)** provided steady support during October, while more cyclical sectors like **Consumer Staples (-2.67%)**, **Financials (-2.78%)**, and **Materials (-4.41%)** lagged amid mixed earnings and slowing global growth expectations
- **Broad trend remains tech- and communication-driven:** Over the past year, **Technology (+36%)**, **Communication Services (+26%)**, and **Consumer Discretionary (+23%)** have powered market gains, reflecting investor preference for growth and innovation over cyclical and value-oriented areas such as **Energy (+2.8%)** and **Materials (-6.5%)**

Sector Movement



Date Range: 09/30/2025 - 10/31/2025

For informational purposes only. Past performance is no guarantee of future results



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Sector Movement (Trailing 12-Months)

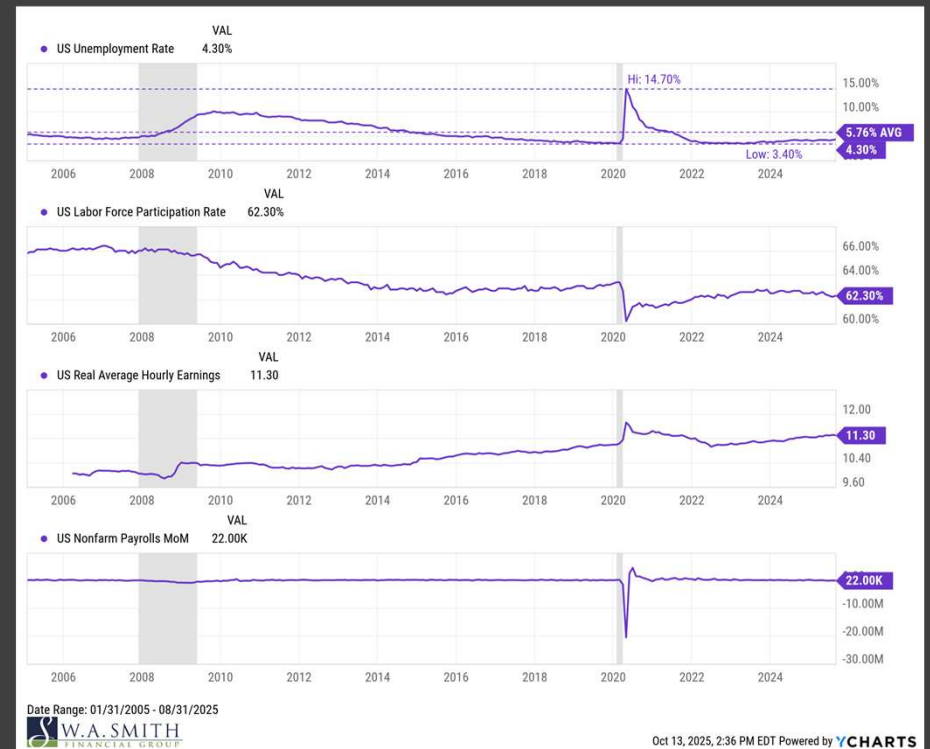
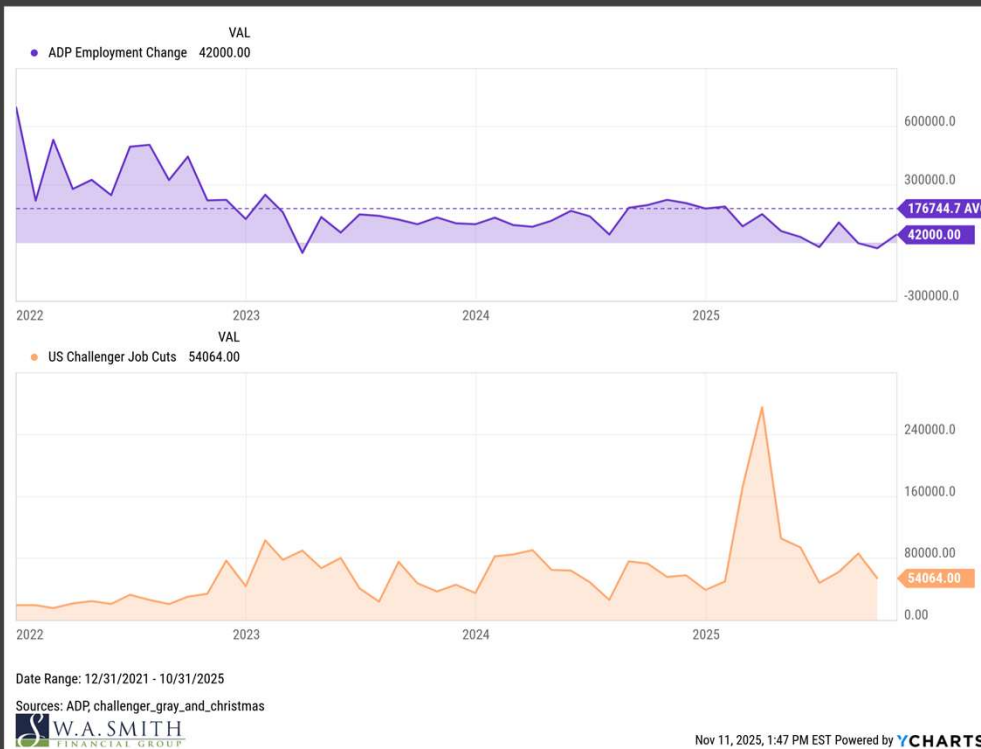


Date Range: 10/31/2024 - 10/31/2025

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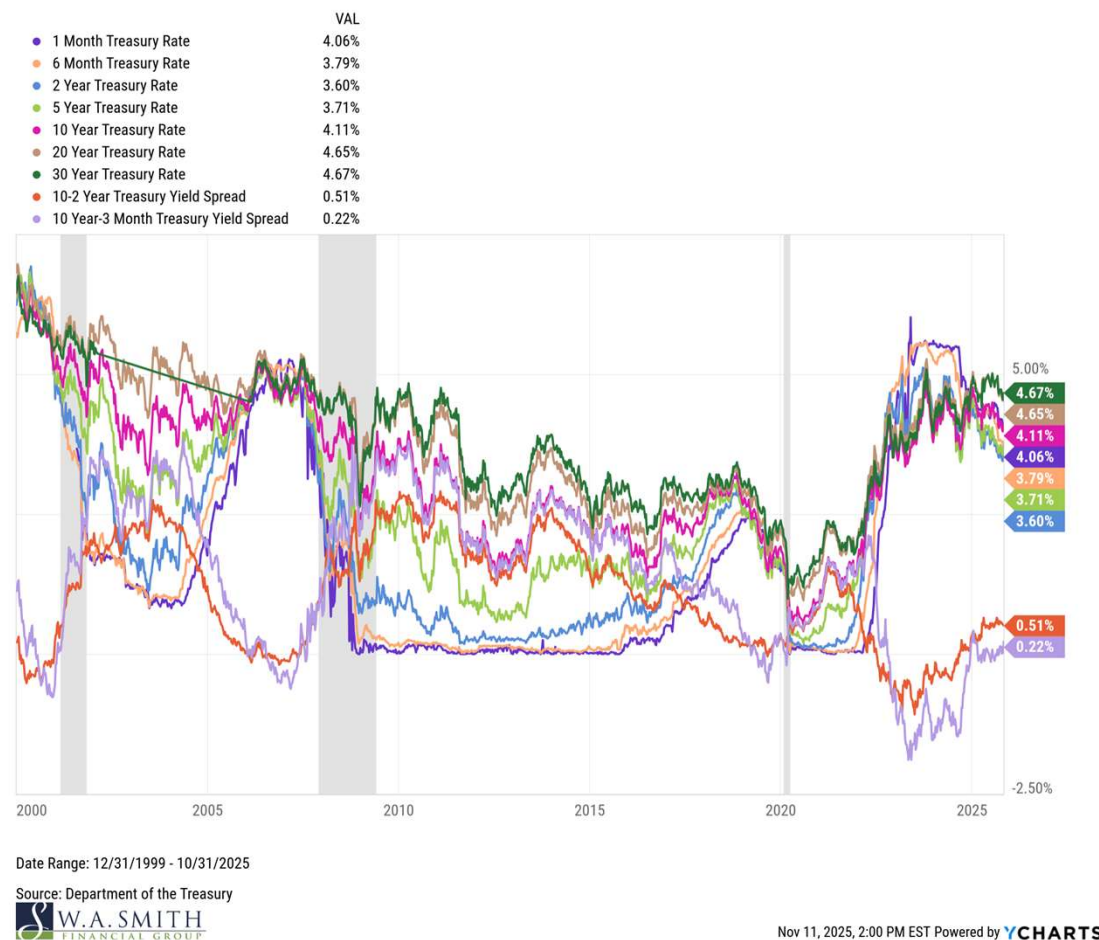
ADP Data Reflects Cooling Job Growth; Shutdown Limits Visibility

- **Private-sector hiring slowed sharply in October**, with ADP reporting just +42,000 new jobs, well below the year-to-date average of ~176,000. This softening reflects a cooling labor market as companies moderate hiring amid higher costs, productivity gains from automation, and lingering uncertainty tied to the federal government shutdown, which limited official labor data releases
- **Job cuts remained relatively contained**, with **54,064 layoffs** reported in October per the Challenger, Gray & Christmas survey, a notable decline from the spike seen earlier in 2025. Most reductions were concentrated in tech and finance, as firms appear to be refocusing on efficiency rather than widespread downsizing
- **The shutdown's data blackout** has temporarily obscured the full employment picture, forcing markets and policymakers to rely more heavily on private reports like ADP and Challenger data. While hiring momentum has cooled, job losses remain manageable, suggesting a gradual labor normalization rather than a sharp contraction

Curve Normalization Signals Gradual Policy Transition

- **Front-end led the move lower:** Following the Fed's October 25 bp rate cut, short-term yields fell more sharply than long-term rates — 1M at 4.06%, 6M at 3.79%, 2Y at 3.60% vs. 10Y at 4.11%, 30Y at 4.67% — easing financial conditions modestly and signaling expectations for additional gradual cuts into year-end
- **Re-steepening toward normalcy:** The curve has shifted from inversion toward mild steepening, with the 10Y–2Y spread now +0.51% and the 10Y–3M spread +0.22%, a marked improvement from the deeply inverted levels seen earlier in 2025. This re-steepening indicates that investors anticipate further policy easing but not a return to aggressive tightening, consistent with a “soft-landing” outlook
- **Long-end remains anchored:** Despite easing pressures on the front end, longer maturities remain steady near 4.6–4.7%, as term-premium and supply factors continue to cap further declines. Treasury issuance and inflation expectations have kept a modest floor under long rates, even as real yields ease modestly
- **Portfolio & market implications:** A steeper yield curve with lower front-end rates supports duration exposure in high-quality bonds, reinforces carry and roll-down opportunities, and is constructive for rate-sensitive sectors (utilities, housing, and infrastructure). The stable long end, however, keeps valuation discipline in focus for equities and longer-duration assets

US Treasury Yield Curve



New Timeseries Analysis

Data as of: Nov. 11, 2025

Date Range: 12/30/2022 to 11/01/2025

Frequency: Monthly

Aggregation: End of Period (default)

Fill Method: No Fill

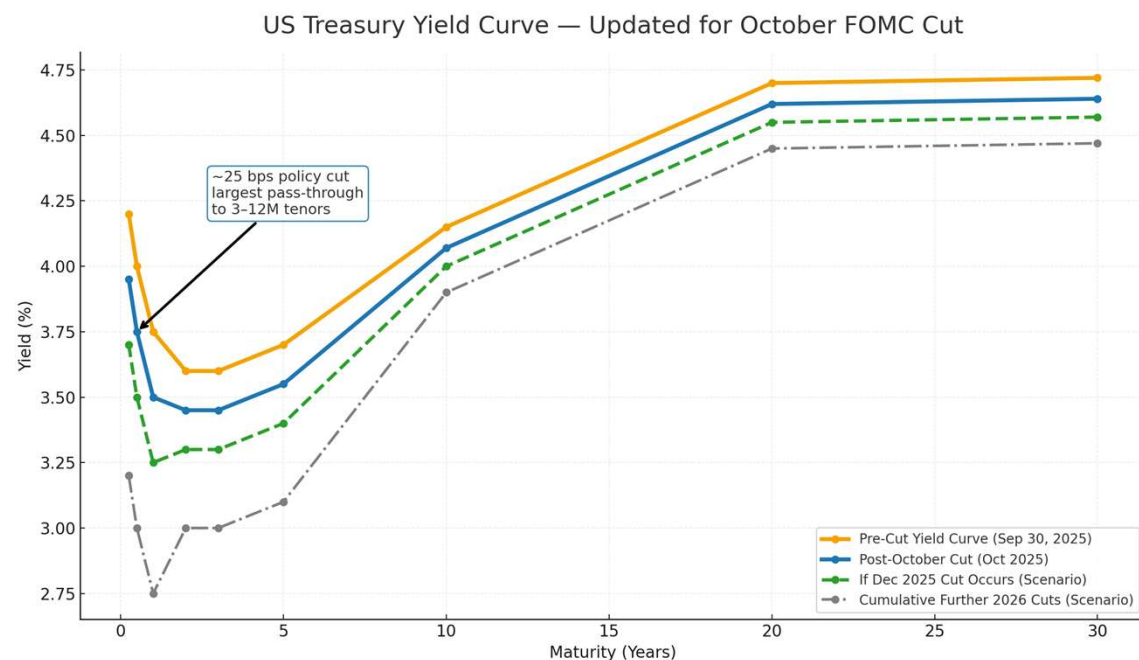
Symbol	Name	Metrics	Oct 31 '25	Sep 30 '25	Aug 31 '25	Jul 31 '25	Jun 30 '25	May 31 '25	Apr 30 '25	Mar 31 '25
I:10YTCMR	10 Year Treasury Rate		4.11%	4.16%	4.23%	4.37%	4.24%	4.41%	4.17%	4.23%
I:1MTCMR	1 Month Treasury Rat...		4.06%	4.20%	4.41%	4.49%	4.28%	4.33%	4.35%	4.38%
I:1YTCMR	1 Year Treasury Rate		3.70%	3.68%	3.83%	4.10%	3.96%	4.11%	3.85%	4.03%
I:20YTCMR	20 Year Treasury Rate		4.65%	4.71%	4.86%	4.89%	4.79%	4.93%	4.68%	4.62%
I:2YTCMR	2 Year Treasury Rate		3.60%	3.60%	3.59%	3.94%	3.72%	3.89%	3.60%	3.89%
I:30YTCMR	30 Year Treasury Rate		4.67%	4.73%	4.92%	4.89%	4.78%	4.92%	4.66%	4.59%
I:3MTCMR	3 Month Treasury Rat...		3.89%	4.02%	4.23%	4.41%	4.41%	4.36%	4.31%	4.32%
I:3YTCMR	3 Year Treasury Rate		3.60%	3.61%	3.58%	3.89%	3.68%	3.87%	3.58%	3.89%
I:5YTCMR	5 Year Treasury Rate		3.71%	3.74%	3.68%	3.96%	3.79%	3.96%	3.72%	3.96%
I:6MTCMR	6 Month Treasury Rat...		3.79%	3.83%	4.01%	4.31%	4.29%	4.36%	4.19%	4.23%

Front-End Declines, Long-End Anchored: Signs of Gradual Re- Steepening

- **Front-end led the decline:** Following the Fed's 25 bp October rate cut, short-term yields dropped modestly, led by the 1-Month (↓ 14 bps to 4.06%) and 6-Month (↓ 4 bps to 3.79%) maturities. The easing reflects softer labor data and the ongoing government shutdown, which have reduced near-term rate expectations and supported a more accommodative policy stance
- **Long-term yields stable and anchored:** The 10-Year (4.11%) and 30-Year (4.67%) yields remained largely unchanged month-over-month, underscoring that term-premium and supply dynamics—likely not renewed inflation fears—are keeping the back-end elevated even as the Fed eases policy
- **Curve re-steepening continues:** The 10-Year–2-Year spread widened to 0.51% (vs. 0.44% in September), confirming progress away from inversion as the front-end declines faster than the long end. The 10-Year–3-Month spread (0.22%) also turned positive, marking a continued normalization consistent with a late-cycle soft-landing outlook

How A Dovish FOMC Could Potentially Reshape the Curve

- **Where we are & what's priced:** Following the Fed's October rate cut, the effective policy rate now sits near 3.85% (4.00% upper bound). Markets are currently pricing in an additional 25 bps cut in December, and roughly 75 bps more by late 2026, bringing the projected policy rate near 3.00%–3.25% in that period. The front end of the curve (1–2 years) saw the largest adjustment, with yields down about 25–30 bps, while long maturities moved only marginally
 - *Please note that this is a hypothetical chart that shows what may happen in the event of a series of 25 bp rate cuts to end the year*
- **Curve dynamics:** The **yield curve steepened modestly** following the October cut as shorter maturities declined faster than the long end
 - The **2s/10s spread** widened toward **+60 bps**, marking further progress out of inversion territory
 - **Short-end yields** dropped most sharply as markets anticipate continued easing into 2026
 - The **long end remains sticky** due to persistent term-premium and inflation risk, helping anchor 10–30-year yields near 4.4%–4.6% -> Result is a "Bull Steepening" trend
- **Credit spreads:** The softer policy tone and stable economic backdrop tightened credit spreads modestly
 - Investment Grade (IG) and High Yield (HY) spreads both narrowed by ~10–15 bps since mid-September
 - The easier Fed stance supports new issuance and refinancing activity, particularly for quality issuers
 - If labor conditions continue to weaken, HY spreads could re-widen, underscoring the need for vigilance when reaching for yield
- **Market Implications:** The rate cut has reinvigorated risk appetite, especially across equities and duration-sensitive assets. However, valuations are rich, and the lagged effects of prior tightening remain in play



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- **NASDAQ Composite Index** – a market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System.
- **Russell 1000** – The index measures the performance of the large-cap segment of the US equity securities. It is a subset of the Russell 3000 index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership.
- **Dow Jones Industrial Average Price Return Index** – a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry.
- **Russell 2000 Index** – measures the performance of the small-cap segment of the U.S. equity universe.
- **MSCI EAFE Index** – a stock market index that is designed to measure the equity market performance of developed markets outside of the U.S. & Canada. It is maintained by MSCI, Inc., a provider of investment decision support tools; the EAFE acronym stands for Europe, Australasia and Far East.