

MARKET MONITOR

Month in Review: September 2025

Index	Asset Class	2025		2024
		Sep	YTD	
Equity Indexes		Total Returns		
Russell 3000	U.S. Equity	3.45	14.40	23.81
S&P 500	Large Cap U.S. Equity	3.65	14.83	25.02
Russell 1000	Large Cap U.S. Equity	3.47	14.60	24.51
Russell 2000	Small Cap U.S. Equity	3.11	10.39	11.54
MSCI All Country World	Global Equity	3.12	17.84	17.93
MSCI All Country World (Ex U.S.)	International Equity	2.20	26.67	4.93
MSCI Europe, Asia & Far East (EAFE)	International Developed Market Equity	1.96	25.72	4.35
MSCI Emerging Markets (EM)	International Emerging Market Equity	7.18	28.22	8.05
Fixed Income Indexes				
Bloomberg U.S. Aggregate Bond	U.S. Investment Grade Bond	1.09	6.13	1.25
Bloomberg Municipal Bond	U.S. Investment Grade Muni Bond	2.32	2.64	1.05
Bloomberg Municipal Bond High Yield	U.S. Muni Bonds (Below Investment Grade)	2.64	1.29	6.32
Bloomberg U.S. Corp. High Yield	U.S. Corp Bonds (Below Investment Grade)	0.82	7.22	8.19
Index Blends: Stock/Bond				
80%/20%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		3.12	15.94	14.09
60%/40%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		2.61	13.47	10.77
40%/60%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		2.10	11.01	7.53
20%/80%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		1.60	8.56	4.35
Data as of 9/30/2025. Sources are Ycharts for Index returns, and Envestnet Tamarac for Index Blend returns, based on monthly rebalancing.				

Please see important disclosures at end of this report.

Market Overview

The S&P 500 rose approximately 3.65% in September 2025, driven by strong performance in technology and growth-oriented stocks. A key catalyst was a shift in investor sentiment as expectations for additional Fed rate hikes eased, sparking renewed enthusiasm for risk assets. AI-related optimism continued to fuel demand for large-cap tech names. Overall, the market benefited from a combination of earnings resilience and growing anticipation of a more accommodative monetary policy stance. ¹

Small-cap stocks outperformed large-caps in September, with the Russell 2000 hitting a record high since November 2021. The move reflected growing investor appetite for economically sensitive, domestically focused companies and expectations of Fed rate cuts. As markets priced in easing, capital rotated out of mega-cap growth into smaller, cyclical names, signaling improving sentiment around U.S. economic resilience. ²

The bond market saw declining yields across the curve, with the 10-year Treasury yield falling to the 4.10–4.20% range. This drop was driven by concerns over softening economic data and an increasing likelihood of Fed rate cuts in the months ahead. The lower yield environment supported strong bond returns, especially in longer-duration assets. Investors responded to the signals of economic deceleration, and the bond market's performance reflected a broader flight to safety. ³

Economic data in September painted a mixed picture. The ISM Manufacturing PMI rose to 49.1, suggesting that manufacturing remains in contraction territory but is showing signs of stabilization. However, the labor market showed unexpected weakness, with ADP private payrolls reporting a loss of 32,000 jobs, marking a significant downside surprise. ⁴ The unemployment rate was estimated to remain steady at 4.3%. Consumer confidence declined, with the Conference Board's index falling to 94.2, its lowest reading since April, as concerns about job prospects increased. ⁵

Reference(s):

- 1) "Yhcharts – Financial Research and Charting Platform." Yhcharts.com, n.d. Web. 2 Oct. 2025.
- 2) "Wall Street Indexes Reach Record-High." Reuters.com, Reuters, 19 Sep. 2025, <https://www.reuters.com/business/sp-500-nasdaq-futures-hit-record-highs-after-fed-cuts-rates-intel-soars-2025-09-18>
- 3) "Treasury Yields Can Push Below 4%. How to Play It." Barrons.com, Barrons, 1 Oct. 2025, <https://www.barrons.com/articles/treasury-yields-debt-shutdown-76165d51>
- 4) "Alternate Data Show Weak U.S. Job Growth in September Amid Government Shutdown." Reuters.com, Reuters, 2 Oct. 2025, <https://www.reuters.com/world/us/us-unemployment-rate-likely-steady-43-september-chicago-fed-says-2025-10-02>
- 5) "U.S. Private Payrolls Fall in September, ADP Data Shows." Reuters.com, Reuters, 1 Oct. 2025, <https://www.reuters.com/business/view-us-private-payrolls-fall-september-2025-10-01>

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Reference to market index information is included for illustrative purposes only, as it is not possible to directly invest in an index. Indexes are unmanaged, hypothetical vehicles that serve as market indicators. Index total return performance data reflects the assumptions of the reinvestment of interest and dividends but does not include the deduction of fees or transaction costs which otherwise reduce performance of an actual portfolio. The blended indexes are shown for informational purposes only and are not representative of any particular investment or plan.

Index Definitions:

Russell 3000 – Index comprised of 3,000 largest U.S. stocks by market capitalization.

Russell 1000 – Index comprised of 1,000 largest U.S. stocks by market capitalization.

Russell 2000 – Index comprised of 2,000 smaller U.S. stocks by market capitalization within the Russell 3000.

S&P 500 – Compilation of 500 major U.S. stocks meeting certain criteria; market capitalization and float-weighted.

MSCI All Country World – Global equity index across market capitalizations with about 2,800 constituents, representing about 85% of the free float-adjusted market capitalization across 23 developed and 27 emerging markets.

MSCI All Country World ex USA – Global equity index across market capitalizations, which excludes the U.S., with about 2,300 constituents which represents free float-adjusted market capitalization across 22 developed and 27 emerging markets.

MSCI Europe, Asia & Far East (EAFE) – International equity index across market capitalizations, which excludes North America, with about 840 constituents which represents free float-adjusted market capitalization across 21 developed markets.

MSCI Emerging Markets (EM) – International equity index across market capitalizations with about 1,400 constituents which represents free float-adjusted market capitalization across 27 emerging markets.

Bloomberg U.S. Aggregate Bond – Widely followed bond benchmark comprised of investment grade, U.S. dollar denominated, fixed rate taxable bonds including Treasuries, government-related, corporate, mortgage-backed, and agency.

Bloomberg Municipal Bond – Broad benchmark of the US municipal tax-exempt investment grade bond market.

Bloomberg Municipal High Yield Bond – U.S. index of municipal bonds that are either not rated or rated below investment grade.

Bloomberg U.S. Corporate High Yield Bond – Index of fixed rate U.S. dollar denominated corporate bonds rated BB+ or below by Fitch and S&P.

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