

Economic Overview

Equity markets in September were fairly resilient considering the sharp rise in interest rates, geopolitical backdrop, and hawkish pivot from the Fed. Robust earnings expectations and the secular AI trend carried the headline indexes (S&P 500 -0.3%) while weakening breadth was seen through lagging equal-weighted S&P 500 (-4.8%) and mid/small caps (Russell 2000 -5.3%) performance. Growth stocks handily outpaced value stocks on the month, but value maintained a significant lead on the year. Rate-sensitive stocks bore the brunt of rising interest rates with REITs (-5.3%) and utilities (-5.9%) lagging, while information technology (+4.5%) and communication services (+4.3%) led the way. Non-U.S. stocks struggled (ACWI ex-USA -2.3%) as developed international markets were dragged down by Europe (France -6.3%, Germany -6.1%) and a strengthening dollar, while emerging markets held up comparatively well thanks to the material AI exposure in the index. The month's biggest story was the bond market where 2yr and 10yr Treasury yields surged 54 basis points to 4.88% and 5.29% respectively, taking 10yr yields to their highest level since 2002 and driving the overall bond market down 2.6%. Commodities were mixed as energy commodities (+10.1%) surged on the Iran conflict while precious metals (-6.8%) and agriculture (-5.8%) declined.

On the economic front, the labor market remained steady. September payroll growth was only 29,000 and unemployment ticked up to 4.2%, but payrolls are averaging 50,000 over the past three months, which is close to estimated break even. Inflation remained sticky and above target with headline and core PCE of 3.4% and 3.0% respectively. Growth indications were firm with manufacturing and service industry surveys well in expansionary territory while consumer sentiment fell to 47.8, underscoring the K-shaped economy where high-income households have maintained spending while the lower leg struggles with high inflation.

From a policy perspective, September's headline was a 0.25% rate hike from the Fed — the first move since a cut last December — lifting the federal funds target to 3.75%-4.00%. Markets spent the month recalibrating Fed rate policy expectations with October hike odds climbing to 70% before falling back to 22% by monthend. The U.S. Treasury Department announcement of increasing treasury bond buyback program drew attention to the U.S. fiscal situation but was relatively minimal in scope. Trade policy saw the U.S. extend its truce with China by two months and ample back and forth with Canada but nothing meaningfully impactful to financial markets. Foreign policy focus continued to be dominated by the Russia-Ukraine war and the U.S. war with Iran which pushed Brent crude (+14.6%) and gasoline (+13.2%) prices meaningfully higher and diesel fuel prices to record highs.

Overall, September was a tale of two markets — resilient index level performance powered by strong fundamentals and AI-centric mega-caps set against some consolidation beneath the surface and a struggling bond market given the surge higher in interest rates.

QUOTE OF THE MONTH

"A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty"

-Winston Churchill

CARTOON OF THE MONTH



"Forgive the mess. Warren just put everything into cash."

Source: The New Yorker

INDEX RETURNS (%)		CONSUMER METRICS				ECONOMIC TRENDS			
		Levels	9/30/26	6/30/26	9/30/25	Macro Metrics	9/30/26	6/30/26	9/30/25
S&P 500	15.74	Fed Funds	3.88	3.63	4.09	US Real GDP (QoQ)	2.20*	2.20	3.90
NASDAQ	19.25	10 Year Treasury	5.29	4.44	4.16	Core PCE	3.01	3.04	2.82
Dow Jones	11.50	30 Year Mortgage	7.03	6.49	6.30	Unemployment Rate	4.20	4.20	4.40
Jssell 2000	16.20	Gasoline	4.60	3.96	3.25	Oil (WTI)	99.37	70.56	63.17
MSCI EAFE	16.24	Used Cars and Trucks*	180.96	179.59	184.87	Gold	4,186.7	4,238.3	3,665.2
Aggregate	0.88					Dollar Index	101.5	101.2	97.78
High Yield	1.39								
Municipal	-6.35					Trailing Returns	1 Mo	3 Mo	1 Yr
						Oil (WTI)	6.23	37.73	55.26
						S&P GSCI Gold Spot	-6.58	3.67	8.09
						Dollar Index	2.03	0.26	3.76

PERIODIC TABLE OF INVESTMENTS – SEPTEMBER 30, 2026

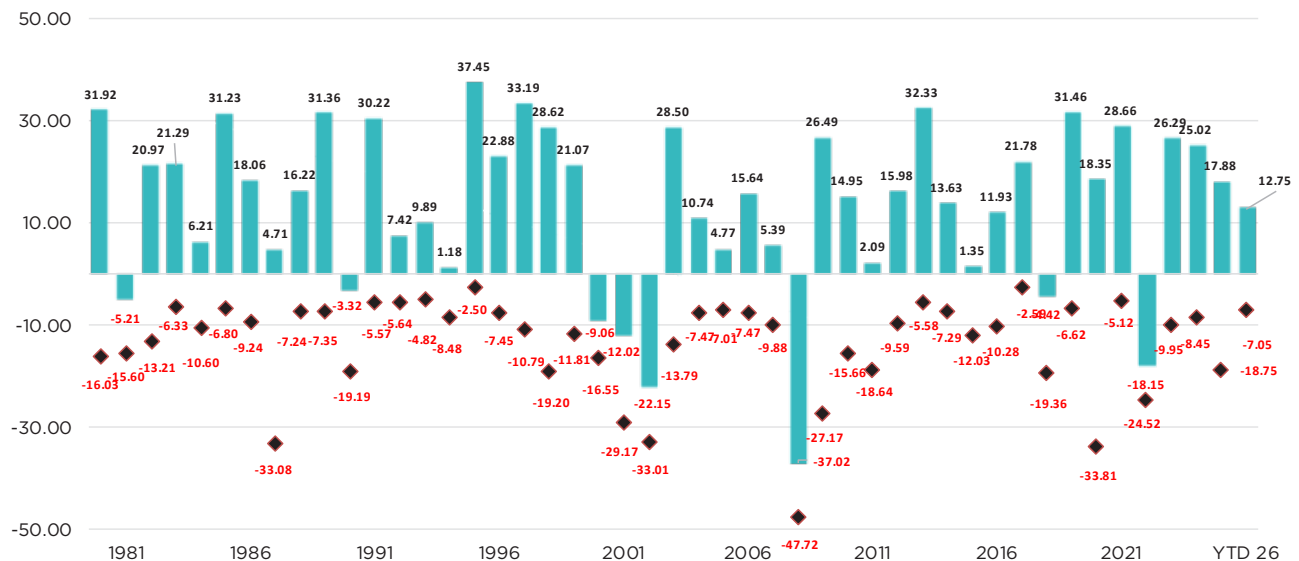
2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	YTD
Small Cap 21.31	Emerging Markets 37.75	Private Equity 11.75	Large Cap 31.49	Private Equity 27.67	Private Equity 43.54	Commodities 16.09	Large Cap 26.29	Large Cap 25.02	Emerging Markets 34.36	Commodities 32.87
High Yield 17.49	International Stocks 25.62	Private Real Estate 8.35	Mid Cap 30.54	Small Cap 19.96	Large Cap 28.71	Private Real Estate 7.46	Global Stocks 22.81	Global Stocks 18.02	International Stocks 31.89	Emerging Markets 23.73
Mid Cap 13.80	Global Stocks 24.62	Private Credit 5.90	Global Stocks 27.30	Emerging Markets 18.69	Commodities 27.11	Private Credit 5.78	International Stocks 18.85	Mid Cap 15.34	Global Stocks 22.87	Global Stocks 13.37
Private Equity 13.29	Large Cap 21.83	Bank Loans 0.35	Small Cap 25.52	Large Cap 18.40	Mid Cap 22.58	Private Equity -0.38	Mid Cap 17.23	Small Cap 11.54	Large Cap 17.88	Small Cap 13.71
Large Cap 11.96	Private Equity 19.00	Core Fixed Income 0.01	International Stocks 22.66	Mid Cap 17.10	Private Real Estate 22.18	Bank Loans -1.25	Small Cap 16.93	Hedge Funds 9.13	Commodities 15.77	Large Cap 12.75
Commodities 11.77	Mid Cap 18.52	High Yield -2.26	Emerging Markets 18.90	Global Stocks 16.82	Global Stocks 19.04	Hedge Funds -5.32	High Yield 13.46	Bank Loans 8.80	Small Cap 12.81	Mid Cap 11.84
Emerging Markets 11.60	Small Cap 14.65	EM Debt -2.46	Private Equity 17.45	Hedge Funds 10.88	Private Credit 17.96	High Yield -11.22	Bank Loans 13.02	Private Equity 8.32	EM Debt 11.11	International Stocks 10.81
Bank Loans 10.14	Private Credit 9.53	Hedge Funds -4.02	High Yield 14.41	International Stocks 8.28	Small Cap 14.82	Core Fixed Income -13.01	Private Credit 12.63	High Yield 8.20	Mid Cap 10.60	Hedge Funds 6.96
EM Debt 9.88	EM Debt 8.17	Large Cap -4.38	EM Debt 13.11	Core Fixed Income 7.51	International Stocks 11.78	International Stocks -14.01	Emerging Markets 10.27	Emerging Markets 8.05	Hedge Funds 10.41	Bank Loans 2.99
Private Credit 10.58	Hedge Funds 7.76	Global Stocks -8.93	Core Fixed Income 8.72	EM Debt 6.52	Hedge Funds 6.2	EM Debt -15.26	Private Equity 9.91	Private Credit 6.72	High Yield 8.20	High Yield 0.04
Private Real Estate 8.76	Private Real Estate 7.61	Mid Cap -9.06	Private Credit 8.87	High Yield 6.17	High Yield 5.36	Mid Cap -17.32	EM Debt 9.09	EM Debt 6.58	Core Fixed Income 7.30	EM Debt -1.51
Global Stocks 8.48	High Yield 7.48	Small Cap -11.01	Hedge Funds 8.38	Private Credit 5.78	Bank Loans 5.14	Global Stocks -17.96	Hedge Funds 6.06	Commodities 5.38	Bank Loans 5.03	Core Fixed Income -2.91
Core Fixed Income 2.65	Core Fixed Income 3.54	Commodities -11.25	Bank Loans 7.87	Bank Loans 2.26	Core Fixed Income -1.54	Large Cap -18.11	Core Fixed Income 5.53	International Stocks 4.35	Private Real Estate 3.77	Private Real Estate -N/A
International Stocks 1.51	Bank Loans 3.29	International Stocks -13.36	Commodities 7.69	Private Real Estate 1.18	EM Debt -1.65	Emerging Markets -19.74	Commodities -7.91	Core Fixed Income 1.25	Private Equity 5.62	Private Equity -N/A
Hedge Funds 0.49	Commodities 1.70	Emerging Markets -14.25	Private Real Estate 5.34	Commodities -3.12	Emerging Markets -2.22	Small Cap -20.44	Private Real Estate -12.02	Private Real Estate -1.44	Private Credit 4.62	Private Credit -N/A

"-" indicates data not yet available

STOCK MARKETS CAN TRADE LOWER IN THE SHORT-RUN

Intra-year S&P 500 Drawdowns with Annual Returns

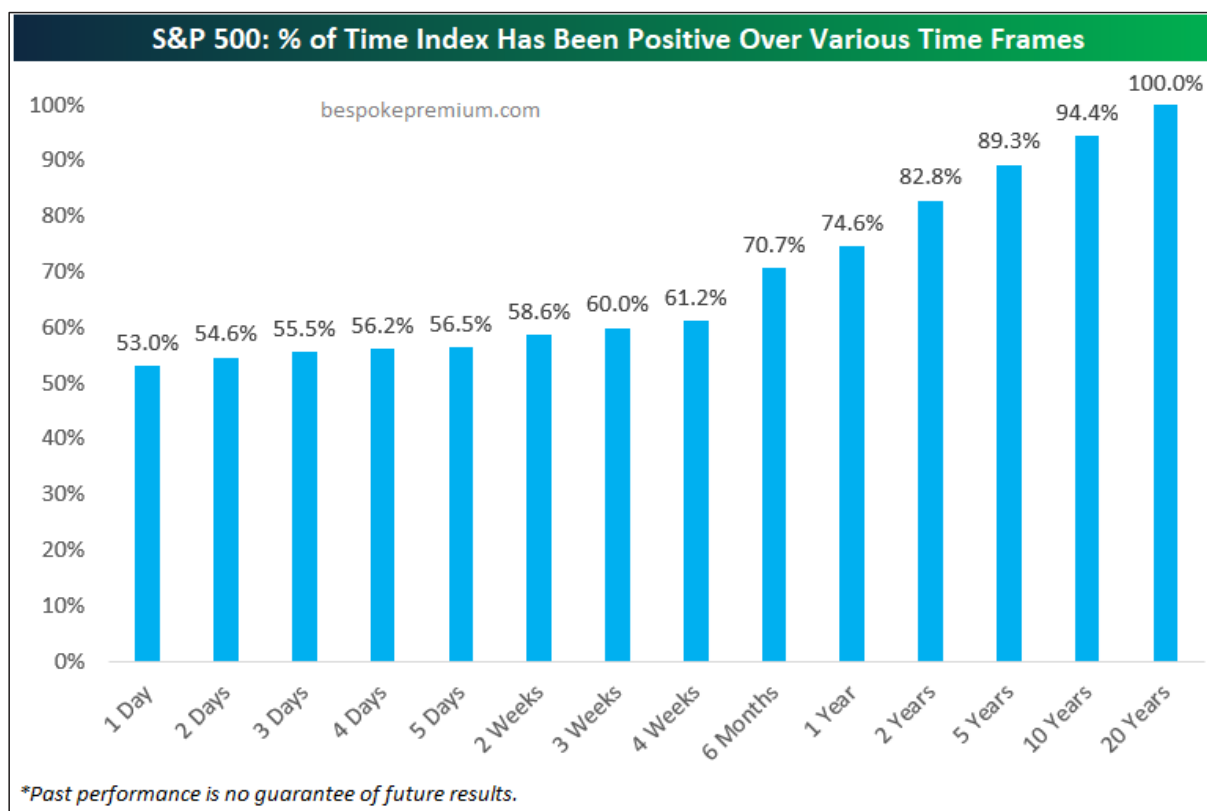
Market volatility is normal and can be difficult to time. History shows that staying the course has been a successful investing strategy.



Source: Morningstar Direct, Standard & Poor's. Uses Total Return with daily closing prices.

Return ♦ Max Drawdown

STOCK MARKETS TRADE HIGHER IN THE LONG-RUN



Source: Bespoke



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