

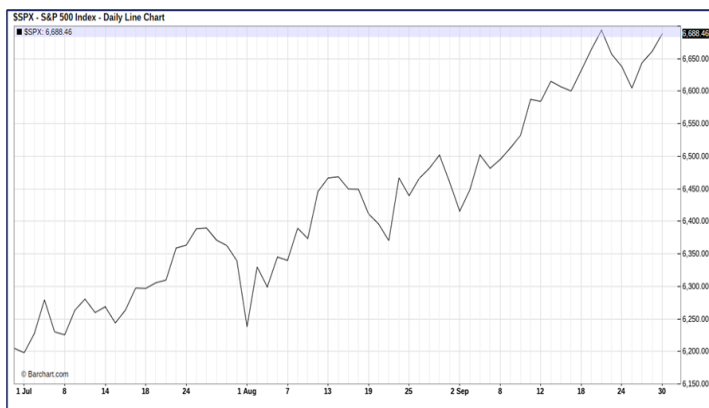
~ Prevailing Winds ~

A Quarterly Market Update

September 30, 2025

Quarterly Recap:

Traditionally, the summer months are marked by seasonal market volatility as trading volumes drop off and market participants focus more on what might happen during the final quarter of the year. This year, market participants had more than enough to worry about and with valuations on the high-side, risks were elevated. Despite all evidence pointing towards volatility, the markets remained calm and advanced nicely across most major market indices. Long term rates were also stable despite economic worries.



Period Ending September 30, 2025

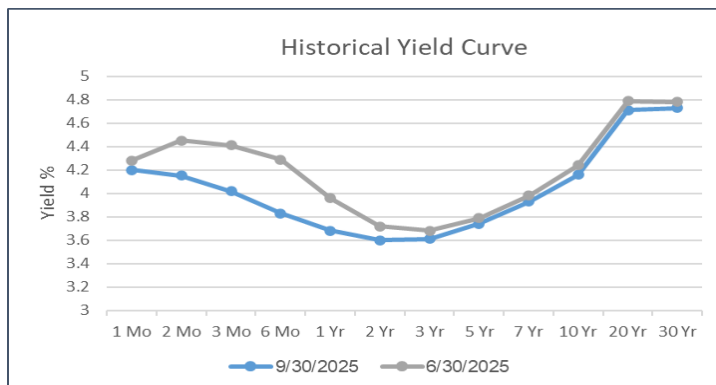
Equity Indexes	Close	% Change
DJIA	46397.89	5.2%
S&P 500	6688.46	7.8%
NASDAQ	22660.01	11.2%
Treasuries	Close	Change
10-Year Yield	4.16%	-0.08
2-Year Yield	3.60%	-0.12

The Stock Market:

The stock chart to the left depicts how strong the S&P500 was during the quarter. What it doesn't show is the degree to which a relatively few stocks led the charge higher. On average, stocks rose less than 5% for the quarter while the more growth-orientated "AI" stocks rose considerably more. Stocks that are economically or tariff sensitive generally did not participate in the rally to any great degree. Going forward, the stock market indices have become more reliant on spending on technology and direct investment in AI. To some this is a good thing, others might find this a reason to be cautious.

The Bond Market:

As mentioned in prior editions, the bond market is immense and is influenced by short term and long term factors. In total, the bond market recognized the weakening job creation numbers and inconsistent growth metrics. As such, current yields have priced in a number of anticipated interest rate cuts by the Federal Reserve. Longer term bond buyers have not reacted to the shift in interest rate policy. Instead, longer term rates have declined only slightly. This might reflect a realization that short term rates have a floor due to sticky inflation forecasts and large budget deficits.



Looking Ahead:

We have long opined about this era of uncertainty. While uncertainty has always been prevalent, it does feel a bit "different" this time. After all, at the time of this writing, our federal government is shut down and our everyday joys of sporting events and entertainment have been marred by disagreement and tension. This too adds to the unease that uncertainty causes. Still, we are encouraged by the resolve of businesses both domestically and internationally. In many ways, business leaders have adopted the wartime slogan of "Keep calm and carry on". While we do not have a cure for the uncertainty of today, we do have a process and a means to control what is controllable and to hopefully manage opportunity and risk in a rational way.