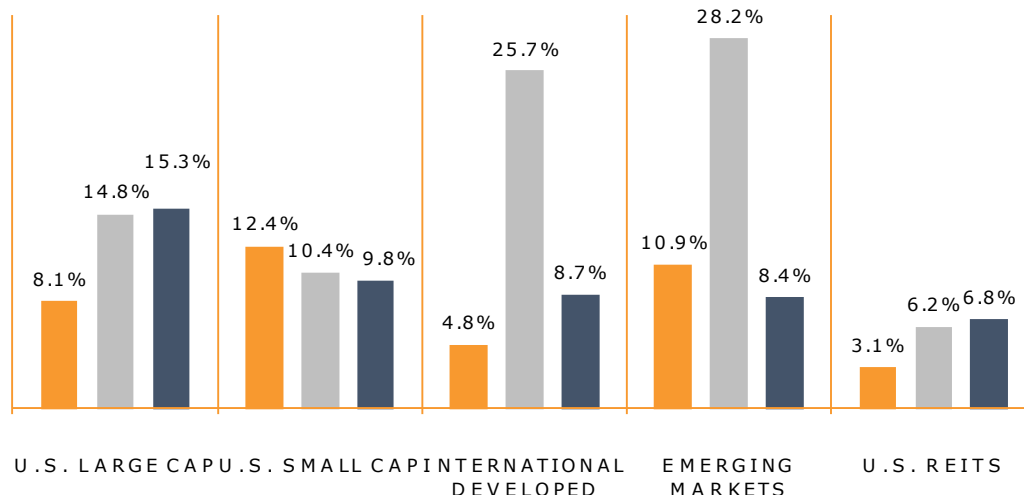


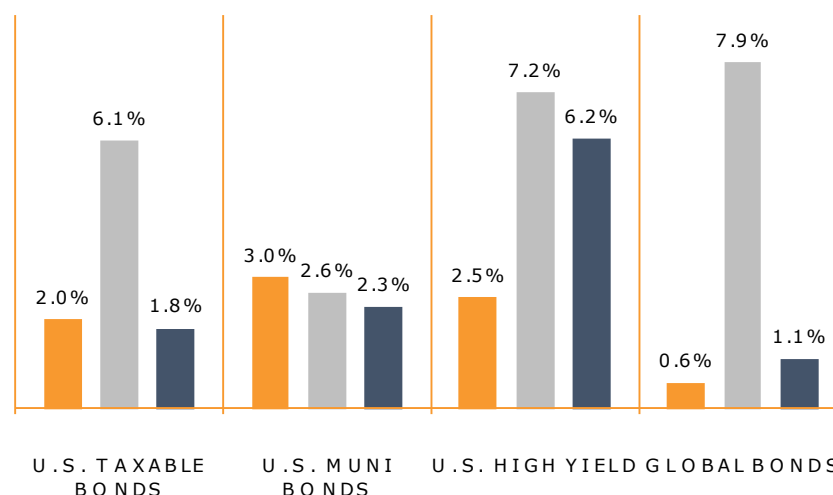
■ 3 Month: 09/30/25 ■ YTD ■ 10 Year*

EQUITY MARKETS HIGHLIGHTS



- **U.S. Large Cap Stocks** momentum continued through Q3 **+8.1%**, now up **+14.8%** YTD.
 - Performance was driven by risk-on sentiment with Growth **+9.6%** and Tech **+10.8%** providing leadership alongside Consumer Cyclical **+11.0%**. Energy **+7.4%** and Utilities **+7.3%** received a bid as investors attempt to solve for how to power the massive AI buildout. Healthcare **+1.3%** and Consumer Defensives **-2.9%** predictably lagged the strong rally.
- **U.S. Small Cap Stocks** saw a significant catch-up trade rising **+12.4%** for the quarter, moving into positive territory YTD **+10.4%**. Blanket rotation into small caps appeared to be the driver as there was little deviation in growth vs. value.
- **International Developed Stocks** were a laggard during the quarter **+4.8%**, but still significantly outperforming YTD up **+25.7%**.
- **Emerging Markets Stocks** also rallied **+10.9%** in the quarter, moving into a leadership position up **+28.2%** YTD. China provided leadership **+20.8%** in the quarter.
- **U.S. REITS** rose **+3.1%** in the quarter as Defensives trailed. The beginning of what the markets hope to be a rate cutting cycle provided a tailwind against other Defensives. REITs are up **+6.2%** YTD.

FIXED INCOME MARKETS HIGHLIGHTS



- **U.S. Taxable Bonds** were up **+2.0%** in Q3 and **+6.1%** YTD. Rates fell very slightly across the curve and tightening credit spreads combined to outperform the yield return.
- **U.S. Muni Bonds** were stronger in Q3 up **+3.0%**, and up **+2.6%** YTD. As muni bond supply tightened, the slow and steady return of investors drove the higher return in the quarter.
- **U.S. High Yield** credit markets were up **+2.5%** in Q3, and **+7.2%** YTD. Given the tight spreads entering the quarter, the relative performance tailwinds against investment grade bonds continued to slow.
- **Global Bonds** followed their equity markets **+0.6%** in Q3, and **+7.9%** YTD. The U.S. dollar held steady which proved enough of a headwind to global bonds after the previous two strong return quarters.

US Equity Market Snapshot 9/30/25	
Sector	QTD Return
Consumer Cyclical	11.0%
Technology	10.8%
Comm. Services	9.6%
Energy	7.4%
Utilities	7.3%
Industrials	4.2%
Financials	3.7%
Real Estate	2.1%
Materials	2.0%
Health Care	1.3%
Consumer Defensive	-2.9%

Russell Equity Style Snapshot 9/30/25			
	Value	Blend	Growth
Large	4.9%	8.7%	11.1%
Mid	6.2%	5.3%	2.8%
Small	12.6%	12.4%	12.2%

Market Indicators							
Name	As of	Last Quarter	1 Month Ago	1 Mo. % Change	1 Year Ago	1 Year % Change	Freq.
Key Interest Rates							
1 Month Treasury	9/30/25	4.20%	4.41%	▼ -4.8%	4.93%	▼ -14.8%	Daily
2 Year Treasury	9/30/25	3.60%	3.59%	▲ 0.3%	3.66%	▼ -1.6%	Daily
10 Year Treasury	9/30/25	4.16%	4.23%	▼ -1.7%	3.81%	▲ 9.2%	Daily
30 Year Mortgage	9/25/25	6.30%	6.58%	▼ -4.3%	6.09%	▲ 3.4%	Weekly
US Corporate AAA	9/29/25	4.61%	4.70%	▼ -1.9%	4.19%	▲ 10.0%	Daily
US Corporate BBB	9/29/25	4.97%	5.08%	▼ -2.2%	4.90%	▲ 1.4%	Daily
US Corporate CCC	9/29/25	11.68%	11.46%	▲ 1.9%	11.94%	▼ -2.2%	Daily
Effective Federal Funds	9/29/25	4.09%	4.33%	▼ -5.5%	4.83%	▼ -15.3%	Daily
U.S. Economy							
Consumer Sentiment	9/30/25	55.10	61.70	▼ -10.7%	70.30	▼ -21.6%	Monthly
Unemployment Rate	8/31/25	4.30%	4.20%	▲ 2.4%	4.20%	▲ 2.4%	Monthly
Inflation Rate	8/31/25	2.92%	2.70%	▲ 7.8%	2.53%	▲ 15.2%	Monthly
Manufacturing PMI	8/31/25	48.70	48.00	▲ 1.5%	47.20	▲ 3.2%	Monthly
Non Manufacturing PMI	8/31/25	52.00	50.10	▲ 3.8%	51.50	▲ 1.0%	Monthly

Entering the quarter, market sentiment was decidedly risk-on, while economic data continued to slow. Q3 delivered few surprises compared to the early half of the year, driving complacency in both equity and bond markets, with substantial inflows to both categories throughout the quarter.

Market sentiment seems to be bolstered by two main narratives:

- Artificial intelligence ("AI") is a transformative technology that will revolutionize businesses, increasing margins and growth in ways we cannot collectively fathom.
- The Federal Reserve ("Fed") is kicking off a mild rate cutting cycle in response to weakening economic data and stands at the ready to alleviate any unexpectedly larger calamities should they occur.

With downside truncated (Fed Put) and potential for exponential upside (AI transformation), the conclusion appears to be that going "All-In" is the only answer. As the quarter progressed, debate and comparisons to the late 90s Tech Bubble grew louder in financial arenas. It is not just speculative investors going all-in on equities either; significant capital is being invested by the world's largest corporations chasing hopeful AI riches.

Two potential watershed moments arrived late in the quarter. In a fireside chat interview, Meta's CEO, Mark Zuckerberg, suggested that he'd rather "mispend a couple of hundred billion (dollars) than be late to superintelligence." Days later NVDA CEO Jensen Huang would announce his largest yet in a spree of investments into the AI ecosystem, investing \$100 Bn into customer OpenAI. This brought about the most direct comparisons to the 90s Internet buildout where vendor financing agreements became a norm in the latter stages.

President Trump, speaking after inking a deal with the UK, put it best as he half-jokingly addressed Huang about this AI thing, "I hope you're right...all I can say." With the market's fortunes increasingly intertwined, it's safe to say we all better hope we're right.

In the late 90s and early 2000s, the World Series of Poker broadcasts gained major popularity on ESPN along with the rise of online poker rooms, enabled by the amazing new technology known as the internet. How people behave at a poker table can be a useful tool in analyzing the behavior of market participants. Those exciting "All-In" moments had a few commonalities: they were either acts of great confidence or great desperation, and one person won big at the expense of the other. Perfect clarity on how this turns out will only be known in hindsight. Place any bets accordingly.

BUSINESS INSIDER

Mark Zuckerberg says he'd rather risk 'mispending a couple of hundred billion' than be late to superintelligence

By Lee Chong Ming

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Sep 19, 2025, 3:11 AM ET



Nvidia to invest up to \$100 billion in OpenAI, linking two artificial intelligence titans

By Deepa Seetharaman and Akash Sriram

September 23, 2025 5:50 AM EDT · Updated September 23, 2025



President Donald Trump to Nvidia CEO Jensen Huang: 'I hope you're right... all I can say'

TOI Tech Desk / TIMESOFINDIA.COM /
Sep 18, 2025, 21:41 IST

Wallet Balance \$5 Share AA Select



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