

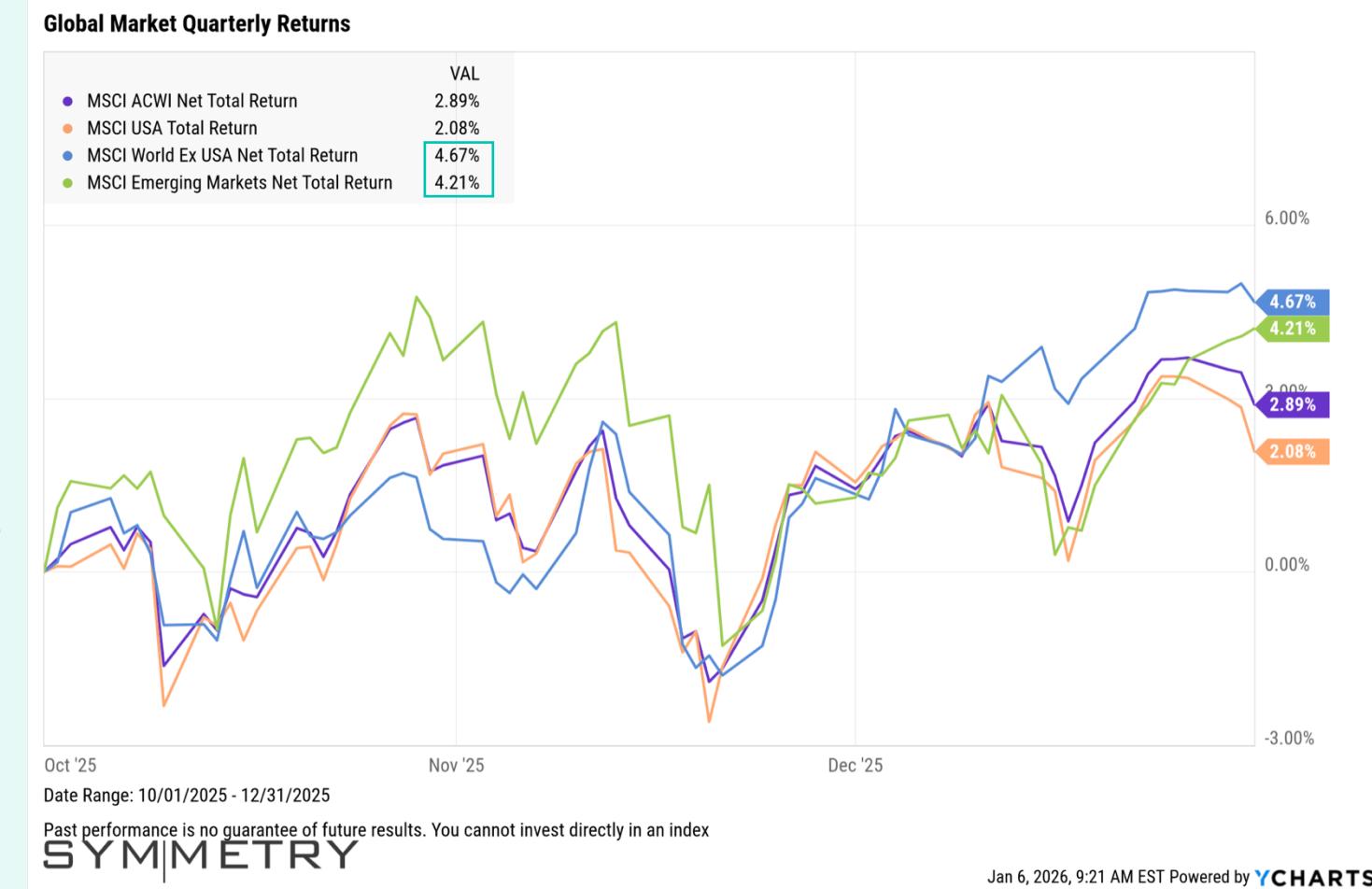


# Markets & Factors Report

Quarterly Review - Q4 2025

## Global Market Overview Q4 2025

- Global markets rose 2.89% in Q4 2025. Developed and Emerging international markets outperformed U.S. markets in Q4.
- YTD International Developed and Emerging Markets have outperformed significantly. Global diversification was a winner for American investors in 2025.
- Markets appreciated in Q4 2025 with the easing of monetary policy, strong corporate earnings, GDP growth, and decreased inflation.



Diversification seeks to reduce volatility by spreading your investment dollars into various asset classes to add balance to your portfolio. Using this methodology, however, does not guarantee a profit or protection from loss in a declining market.

# Geographic Performance

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Quarterly Review - Q4 2025

## U.S. Market Overview

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- U.S. markets were resilient overcoming uncertainty of a long government shutdown, weakening consumer sentiment, and labor market concerns
- Despite late-Q4 softness, markets reached all-time highs during the quarter
- Five of the Magnificent 7 stocks underperformed the S&P 500 this year, revealing potential cracks in the long-dominant mega-caps and the risks of heavily concentrated portfolios<sup>1</sup>
  - Investors remain concerned about the high valuations of technology stocks
    - Price to earnings ratios are approaching the all-time highs<sup>1</sup>
- The Health Care sector experienced a large quarterly gain of 11.70%<sup>2</sup>
- The market reacted positively to the interest rate-cutting cycle the Federal Reserve continued in Q4

1. Source: [Q4 Post-Mortem From an Investment Adviser: Year of Resilience | Kiplinger](#)

2. Source: Ycharts Health Care sector return is based on SPDR Health Care Sector ETF (XLV) from 10/01/2025 – 12/31/2025.

## International & Emerging Markets

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- International equities outperformed U.S. markets in Q4, and on a full-year basis in 2025.<sup>1</sup>
- Both Developed and Emerging Markets posted strong annual returns boosted by a weaker U.S. dollar, improving foreign economic data, and renewed capital flows
  - 2025 demonstrated the value of global diversification in capturing return opportunities that U.S.-centric portfolios alone might miss
- Emerging markets were boosted by commodity exports, lower inflation, and capital inflows amid softer global policy uncertainty
- International Equities provided more attractive valuations in 2025, leading to strong gains in Europe, Asia, and Emerging Markets

Diversification seeks to reduce volatility by spreading your investment dollars into various asset classes to add balance to your portfolio. Using this methodology, however, does not guarantee a profit or protection from loss in a declining market.

1. Source: Ycharts MSCI World Ex USA Net Total Return from 10/01/2025 – 12/31/2025

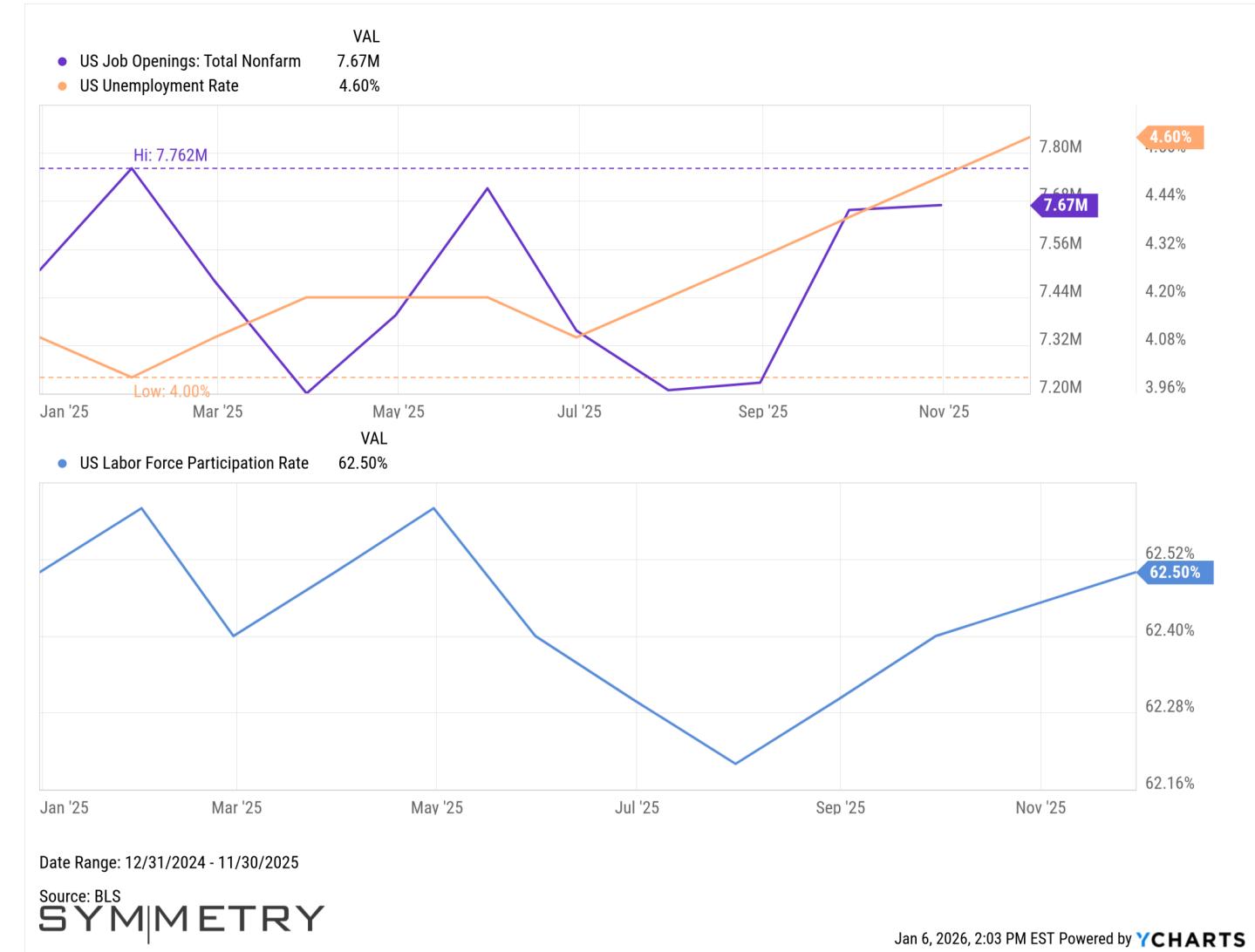
# Macroeconomics

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Quarterly Review - Q4 2025

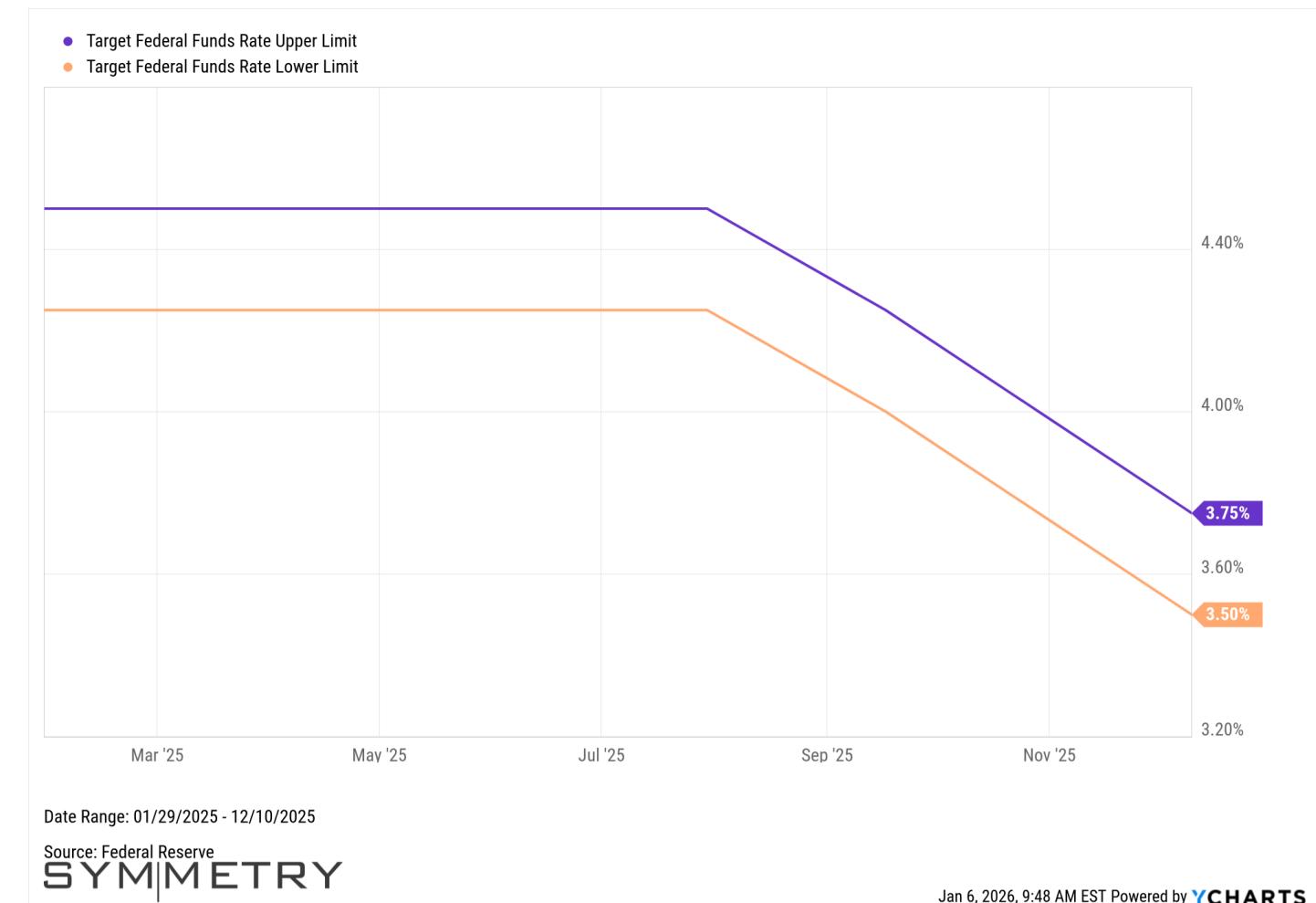
## U.S. Labor Market

- The unemployment rate rose to 4.6% in November 2025, the highest since early 2021
- Nonfarm payroll employment rose minimally (+64,000) in November
- Employment rose in Health Care, Construction, and Social Assistance
- Jobs decreased within Transportation and Warehousing and Federal Government



# Federal Funds Rate

- The Federal Reserve cut interest rates twice in Q4 by 25 bps to lower the federal funds rate to a range of 3.50% - 3.75%
- With progress on inflation stalled, officials indicated that further reductions could require evidence of labor-market deterioration
- Some Fed officials voiced concern that interest rates might no longer be high enough to put downward pressure on inflation, which has been running above target since 2021



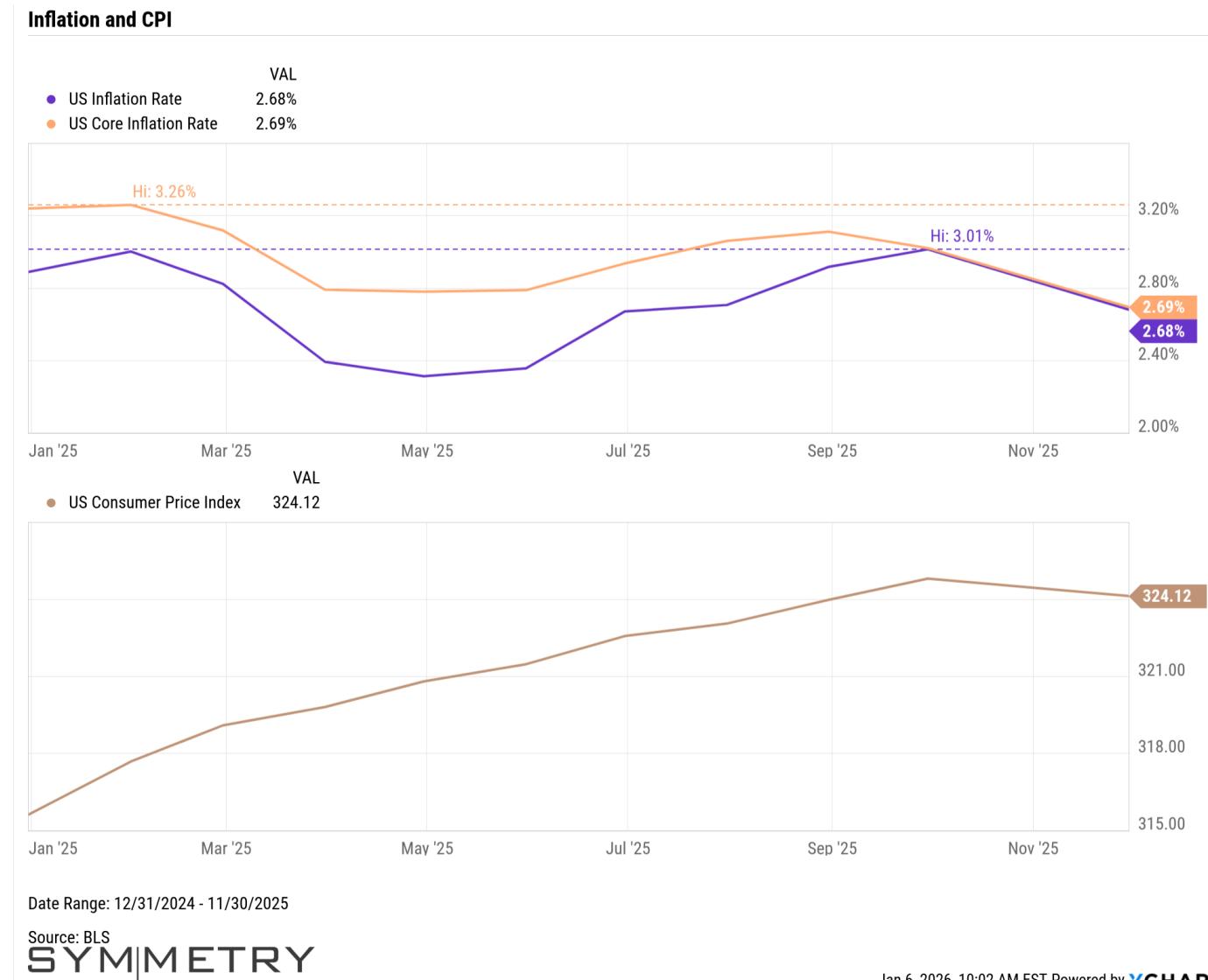
# GDP

- Real GDP growth accelerated to 4.3% in Q3 2025
  - A notable increase from 3.8% in Q2
- GDP can be attributed to increased consumer spending, exports, and government spending<sup>4</sup>
- Exports increased for both goods and services, while imports decreased in goods<sup>4</sup>



# Inflation

- In November 2025, the CPI year-over-year inflation rate fell to 2.7%
  - Core CPI was reported at about 2.6%
- The November CPI report was impacted by data collection disruptions related to the 2025 federal government shutdown
  - These figures are to be interpreted with caution
- December 2025 data will be released on January 13, 2026, and will hopefully provide a clearer picture on recent price trends



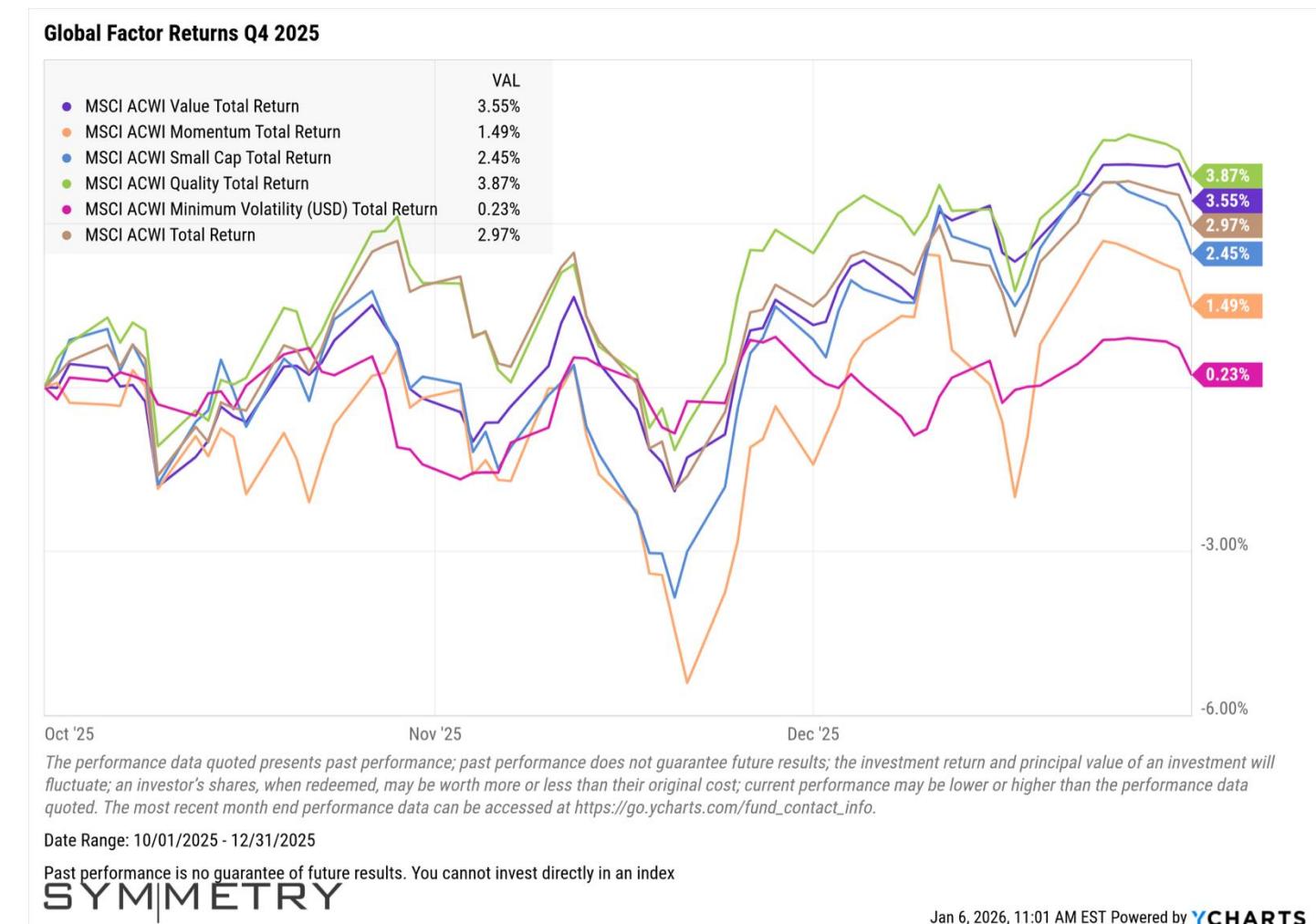
# Factor Performance

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Quarterly Review - Q4 2025

## Global Factor Performance

- During Q4 2025, all global factors produced gains
- Quality performed best, gaining 3.87% and outperforming the market by 90 bps
- Value rose 3.55%, outperforming global markets by 58 bps, as valuations have neared record highs
- Small-cap securities underperformed slightly, gaining 2.45%
- Momentum rose 1.49%
- Minimum Volatility fared worse, only returning 0.23%



## U.S. Factor Performance

- U.S. factor demonstrated mixed performance in Q4 2025
- Quality performed best, gaining 3.46% and outperforming U.S. markets by 1.38%
- Small-cap securities rose 2.08%, in line with the U.S. market
- Value underperformed slightly, only gaining 1.46%
- Minimum volatility fell 0.37%
- Momentum fared worst, losing 1.06%

### U.S. Factor Returns Q4 2025

	VAL
MSCI USA Value Total Return	1.46%
MSCI USA Momentum Total Return	-1.06%
MSCI USA Small Cap Total Return	2.08%
MSCI USA Quality Total Return	3.46%
MSCI USA Minimum Volatility Total Return	-0.37%
MSCI USA Total Return	2.08%



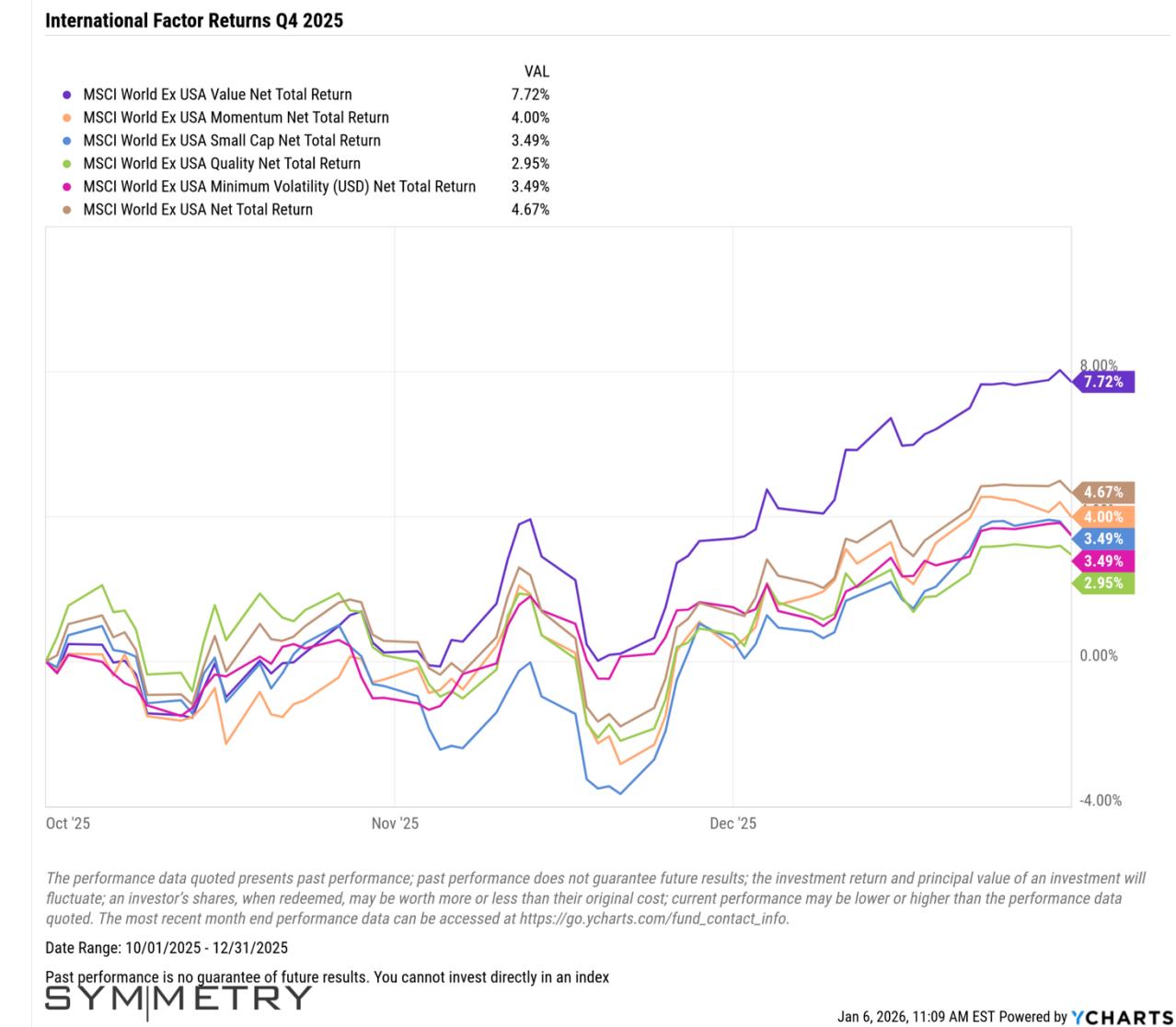
The performance data quoted presents past performance; past performance does not guarantee future results; the investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost; current performance may be lower or higher than the performance data quoted. The most recent month end performance data can be accessed at [https://go.ycharts.com/fund\\_contact\\_info](https://go.ycharts.com/fund_contact_info).

Date Range: 10/01/2025 - 12/31/2025

Past performance is no guarantee of future results. You cannot invest directly in an index

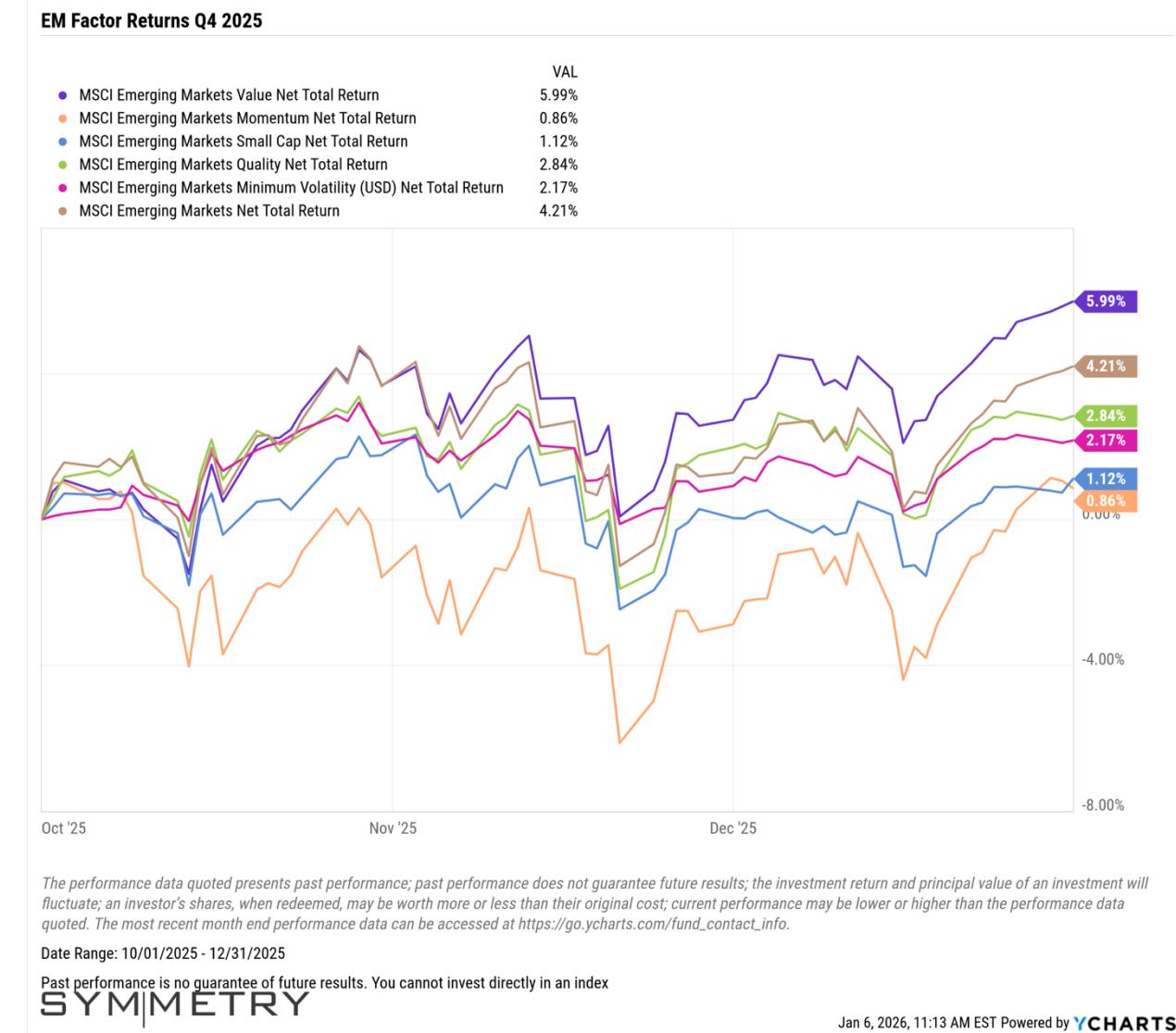
## International Factor Performance

- International Factors all experienced positive gains in Q4 2025
- Value rose 7.72%, outperforming International Markets significantly by 3.05%
- Momentum increased 4.00%
- Small-cap securities and Minimum Volatility both gained 3.49%
- Quality only rose 2.95%



## Emerging Markets Factor Performance

- Emerging Market Factors all increased in Q4 2025
- Value performed best, gaining 5.99%, outperforming Markets by 1.78%
- Quality rose 2.84%, followed by Minimum Volatility, which rose 2.17%
- Small-Caps gained 1.12% and Momentum slightly rose 0.86%



# Bond Market Overview

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Quarterly Review - Q4 2025

## Bond Market Indices

- U.S. bond markets delivered positive returns in Q4, contributing to a strong year for fixed income
- Municipal bonds offered strong returns supported by renewed investor flows and favorable tax-adjusted yields
- European bonds wrestled with inflation and ECB policy uncertainty
- Japanese government bonds experienced significant selloff, with yields rising to multi-decade highs<sup>5</sup>

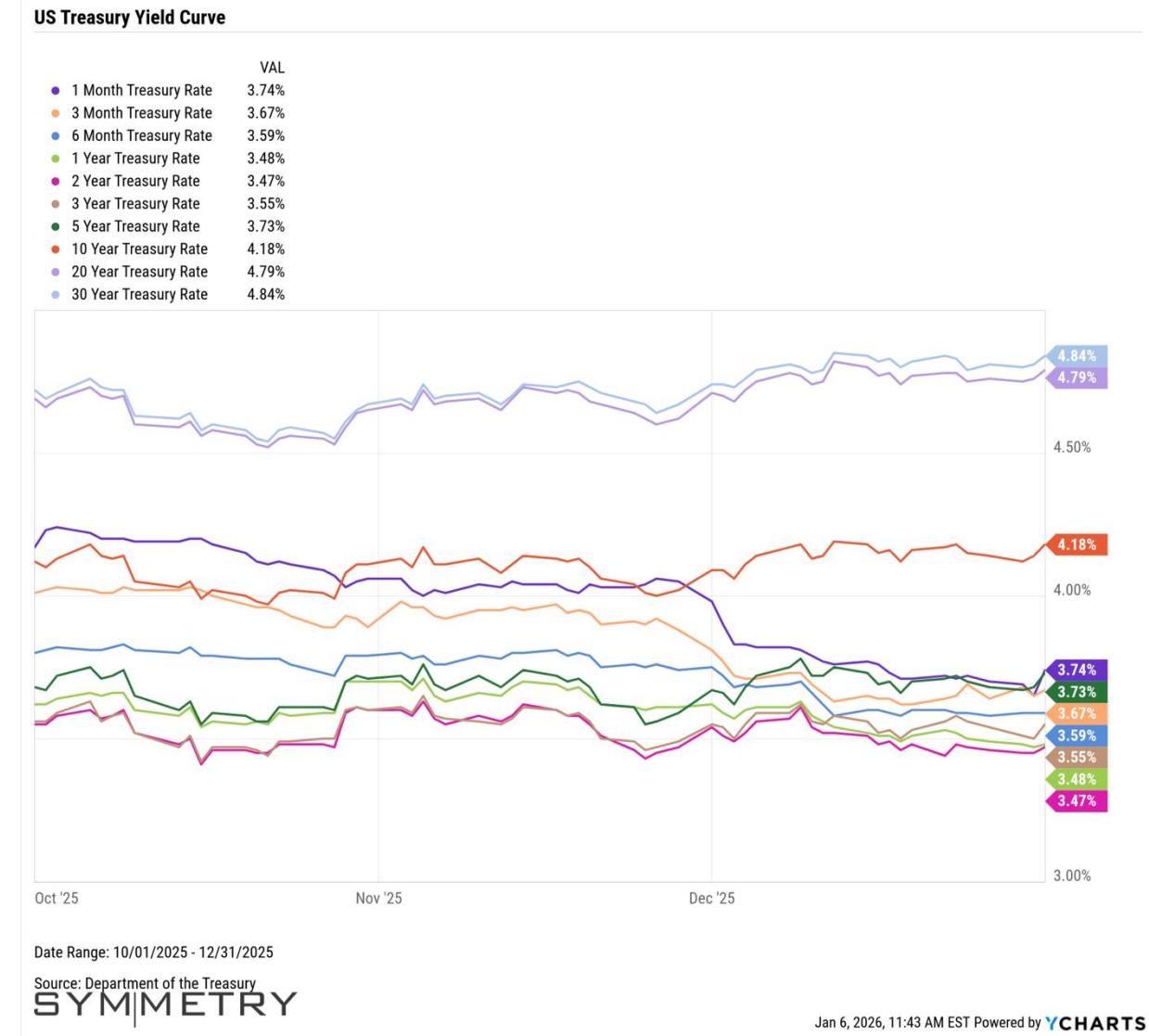
Index	Q4 2025 Return
Bloomberg Global Aggregate TR Hdg USD	0.78%
Bloomberg US Treasury US TIPS TR USD	0.13%
Bloomberg US Agg Bond TR USD	1.10%
Bloomberg Municipal TR USD	1.56%
Bloomberg Gbl Agg Ex USD TR USD	-0.47%

Source: Morningstar 2026

5: [Quarterly market review - Q4 2025](#)

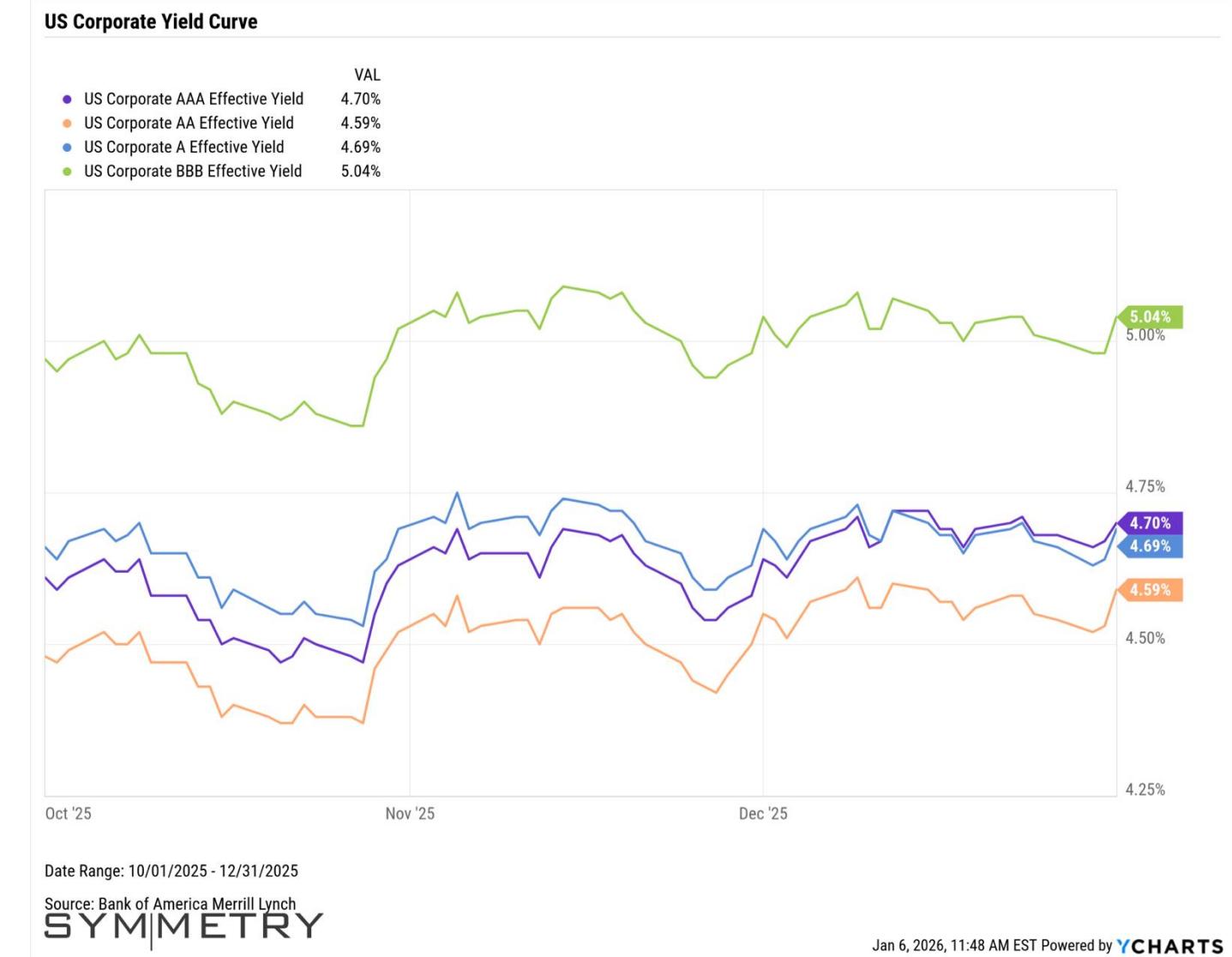
## U.S. Treasury Yield Curve

- The yield curve steepened in Q4 2025 as front end rates fell faster than long end rates
- This change was driven by the Federal Reserve cutting interest rates
  - The path for interest rate cuts in 2026 is less clear



## US Corporate Yield Curve

- Credit spreads in both investment-grade and high-yield markets compressed further in Q4
- Demand remained robust and default rates have stayed low
- Spreads are near historic levels of tightness



# Market Update Report

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Quarterly Review - Q4 2025

# Market Update Report

Asset Class Snapshot		12/31/25
Asset Class		QTD Return
Global Stock Ex U.S.	5.05%	
U.S. Stock	2.42%	
U.S. Bond	1.10%	
International Bond	0.52%	
U.S. Real Estate	-2.32%	

Region Snapshot		12/31/25
Region		QTD Return
Latin America Stock	8.20%	
Europe Stock	6.20%	
International Developed	5.26%	
Emerging Markets	4.73%	
Asia Pacific Stock	3.46%	
U.S. Stock	2.42%	

Asset Class Summary								12/31/25
Asset Class	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	
U.S. Stock	0.01%	2.42%	17.75%	17.75%	23.24%	13.87%	14.79%	
Global Stock Ex U.S.	3.00%	5.05%	32.39%	32.39%	17.33%	7.91%	8.41%	
U.S. Bond	-0.15%	1.10%	7.30%	7.30%	4.66%	-0.36%	2.01%	
International Bond	-0.28%	0.52%	2.80%	2.80%	5.34%	0.79%	2.58%	
U.S. Real Estate	-2.10%	-2.32%	3.78%	3.78%	6.90%	4.90%	5.81%	

Equity Style Snapshot		12/31/25	
QTD	Value	Blend	Growth
Large	2.96%	2.48%	1.78%
Mid	2.11%	-0.82%	-4.76%
Small	2.03%	1.82%	1.52%

Region Summary								12/31/25
Region	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	
U.S. Stock	0.01%	2.42%	17.75%	17.75%	23.24%	13.87%	14.79%	
International Developed	3.02%	5.26%	32.55%	32.55%	18.28%	10.04%	9.11%	
Emerging Markets	2.99%	4.73%	33.57%	33.57%	16.40%	4.20%	8.42%	
Europe Stock	3.90%	6.20%	35.41%	35.41%	18.22%	10.30%	8.52%	
Asia Pacific Stock	2.11%	3.46%	28.00%	28.00%	16.05%	4.98%	8.08%	
Latin America Stock	1.08%	8.20%	54.81%	54.81%	14.79%	8.65%	8.79%	

Factor Summary								12/31/25
Region	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	
MSCI USA	0.01%	2.42%	17.75%	17.75%	23.24%	13.87%	14.79%	
MSCI ACWI	1.07%	3.37%	22.87%	22.87%	21.21%	11.70%	12.28%	
MSCI USA Value	0.76%	1.59%	13.71%	13.71%	12.41%	11.11%	10.40%	
MSCI USA Small Cap	0.03%	2.50%	12.12%	12.12%	14.16%	8.06%	10.93%	
MSCI USA Quality	0.21%	4.15%	16.24%	16.24%	25.26%	14.16%	15.95%	
MSCI USA Momentum	-0.19%	-1.39%	17.78%	17.78%	19.50%	9.74%	14.18%	
MSCI USA Minimum Volatility	-0.75%	-0.51%	7.84%	7.84%	11.15%	8.58%	10.59%	
MSCI USA Diversified Multi-Factor	0.42%	2.52%	20.02%	20.02%	20.13%	12.88%	12.42%	
MSCI ACWI Diversified Multi-Factor	2.71%	4.59%	25.72%	25.72%	18.70%	10.87%	10.77%	

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# Market Update Report

Sector Snapshot		12/31/25
Sector		QTD Return
Health Care	11.70%	
Technology	2.31%	
Financials	2.02%	
Materials	1.72%	
Energy	0.93%	
Industrials	0.92%	
Consumer Defensive	-0.08%	
Consumer Cyclical	-0.15%	
Comm. Services	-0.23%	
Utilities	-1.37%	
Real Estate	-3.19%	

Sector Summary								12/31/25
Sector	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	
<b>Cyclical</b>								
Consumer Cyclical	1.20%	-0.15%	7.36%	7.36%	23.78%	9.11%	13.03%	
Financials	3.05%	2.02%	14.89%	14.89%	18.88%	15.16%	13.07%	
Materials	1.97%	1.72%	9.92%	9.92%	7.37%	6.71%	9.82%	
Real Estate	-2.12%	-3.19%	2.60%	2.60%	6.60%	5.47%	6.20%	
<b>Sensitive</b>								
Comm. Services	2.35%	-0.23%	23.07%	23.07%	36.32%	12.87%	-	
Energy	-0.30%	0.93%	7.88%	7.88%	4.19%	23.27%	8.34%	
Industrials	1.27%	0.92%	19.33%	19.33%	18.25%	13.58%	13.33%	
Technology	0.75%	2.31%	24.60%	24.60%	33.22%	18.15%	22.36%	
<b>Defensive</b>								
Consumer Defensive	-1.34%	-0.08%	1.52%	1.52%	4.14%	5.59%	7.23%	
Health Care	-1.39%	11.70%	14.50%	14.50%	6.19%	8.12%	9.76%	
Utilities	-5.09%	-1.37%	16.00%	16.00%	9.91%	9.64%	10.49%	

S&P 500 Sector Weights*		1/2/26
Sector		Weight
Technology	34.79%	
Financials	13.33%	
Comm. Services	10.82%	
Consumer Cyclical	10.55%	
Health Care	9.52%	
Industrials	7.68%	
Consumer Defensive	4.65%	
Energy	2.92%	
Utilities	2.23%	
Real Estate	1.82%	
Materials	1.68%	

Name	As of	Last Month**	1 Month Ago	1 Mo. % Change	1 Year Ago	1 Year % Change	Freq.
<b>Key Interest Rates</b>							
1 Month Treasury	12/31/25	3.74%	4.05%	▼ -7.7%	4.40%	▼ -15.0%	Daily
2 Year Treasury	12/31/25	3.47%	3.47%	▲ 0.0%	4.25%	▼ -18.4%	Daily
10 Year Treasury	12/31/25	4.18%	4.02%	▲ 4.0%	4.58%	▼ -8.7%	Daily
30 Year Mortgage	12/31/25	6.15%	6.23%	▼ -1.3%	6.85%	▼ -10.2%	Weekly
US Corporate AAA	12/31/25	4.70%	4.58%	▲ 2.6%	4.92%	▼ -4.5%	Daily
US Corporate BBB	12/31/25	5.04%	4.98%	▲ 1.2%	5.55%	▼ -9.2%	Daily
US Corporate CCC	12/31/25	12.49%	12.53%	▼ -0.3%	11.78%	▲ 6.0%	Daily
Effective Federal Funds	12/31/25	3.64%	3.89%	▼ -6.4%	4.33%	▼ -15.9%	Daily
<b>U.S. Economy</b>							
Consumer Sentiment	12/31/25	52.90	51.00	▲ 3.7%	74.00	▼ -28.5%	Monthly
Unemployment Rate	11/30/25	4.60%	4.40%	▲ 4.5%	4.20%	▲ 9.5%	Monthly
Inflation Rate	11/30/25	2.68%	3.01%	▼ -11.1%	2.75%	▼ -2.5%	Monthly
Manufacturing PMI	11/30/25	48.20	49.10	▼ -1.8%	48.40	▼ -0.4%	Monthly
Non Manufacturing PMI	11/30/25	52.60	50.00	▲ 5.2%	52.10	▲ 1.0%	Monthly
Retail Sales	10/31/25	633,232	632,664	▲ 0.1%	612,552	▲ 3.4%	Monthly
Building Permits	8/31/25	1,330	1,362	▼ -2.3%	1,476	▼ -9.9%	Monthly

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# Market Update Report

## Asset Class Indices

Name	Index	Index Start Date
U.S. Stock	MSCI USA	1/21/1994
Global Stock Ex U.S.	MSCI ACWI Ex USA Net Total Return	12/29/2000
U.S. Bond	Bloomberg US Aggregate	4/29/1996
International Bond	Bloomberg Global Aggregate ex-USD USD Hedged	9/4/2000
U.S. Real Estate	Dow Jones US Real Estate Index Total Return	8/2/2010

## Region Indices

Name	Index	Index Start Date
U.S. Stock	MSCI USA	1/21/1994
International Developed	MSCI World Ex USA	6/1/1994
Emerging Markets	MSCI Emerging Markets Net Total Return	12/29/2000
Europe Stock	MSCI Europe Net Total Return	2/28/1995
Asia Pacific Stock	MSCI AC Asia Pacific Net Total Return	12/29/2000
Latin America Stock	MSCI Emerging Markets Latin America Net Total Return	12/29/2000

## Equity Style Indices

Name	Index	Index Start Date
MSCI USA	MSCI USA	1/21/1994
MSCI ACWI	MSCI ACWI	12/31/1987
MSCI USA Value	MSCI USA Value	12/31/1996
MSCI USA Small Cap	MSCI USA Small Cap	6/1/1994
MSCI USA Quality	MSCI USA Quality	11/28/1975
MSCI USA Momentum	MSCI USA Momentum	12/31/1974
MSCI USA Minimum Volatility	MSCI USA Minimum Volatility	5/31/1988
MSCI USA Diversified Multi-Factor	MSCI USA Diversified Multi-Factor	11/30/1998
MSCI ACWI Diversified Multi-Factor	MSCI ACWI Diversified Multi-Factor	11/30/1998

## Sector Indices

Name	Index	Index Start Date
Consumer Cyclical	State Street Cons Disc Sel Sect SPDR Income ETF	12/16/1998
Financials	State Street Financial Sel Sec SPDR ETF	12/16/1998
Materials	State Street Materials Select Sector SPDR ETF	12/16/1998
Real Estate	State Street Real Estate Select Sector SPDR ETF	10/7/2015
Comm. Services	State Street Com Svc Sel Sec SPDR ETF	6/19/2018
Energy	State Street Energy Select Sector SPDR ETF	12/16/1998
Industrials	State Street Industrial Select Sector SPDR ETF	12/16/1998
Technology	State Street Technology Select Sector SPDR ETF	12/16/1998
Consumer Defensive	State Street Cons Staples Sel Sec SPDR Inc ETF	12/16/1998
Health Care	State Street Health Care Select Sector SPDR ETF	12/16/1998
Utilities	State Street Utilities Select Sector SPDR ETF	12/16/1998

\* SPY's sector exposure data is used as a proxy for the 'S&P 500 Sector Weights' module. This data may not be updated as of the selected time period in cell F1, as YCharts does not provide historical sector exposure data for ETFs or Mutual Funds.

\*\* Economic data may not be updated as of the selected time period in cell F1. Please see the 'As of' column in the 'Market Indicators' module to determine each indicator's as of date. '1 Month Ago' and '1 Year Ago' columns will populate with data 1 month and 1 year prior to the 'As of' column, respectively.

# Thank You



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Diversification seeks to reduce volatility by spreading your investment dollars into various asset classes to add balance to your portfolio. Using this methodology, however, does not guarantee a profit or protection from loss in a declining market.

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The S&P 500 Index represents the 500 leading U.S. companies, approximately 80% of the total U.S. market capitalization. The Dow Jones Industrial Average (DJIA) is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the Nasdaq Composite Index (NASDAQ). The NASDAQ measures all NASDAQ domestic and international based common type stocks listed on The Nasdaq Stock Market and includes over 2,500 companies. The MSCI World Ex USA GR USD Index captures large- and mid-cap representation across 22 of 23 developed markets countries, excluding the United States. The index covers approximately 85% of the free float-adjusted market capitalization in each country. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets (as defined by the MSCI). The index consists of the 25 emerging market country indexes. The Bloomberg Barclays US Aggregate Bond Index measures the performance of the U.S. investment grade bond market. The index invests in a wide spectrum of public, investment-grade, taxable, fixed-income securities in the United States—including government, corporate, and

international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities, all with maturities of more than 1 year. The Bloomberg Barclays Global Aggregate (USD Hedged) Index is a flagship measure of global investment grade debt from 24 local currency markets. This multi-currency benchmark includes treasury, government-related, corporate, and securitized fixed-rate bonds from both developed and emerging market issuers. The Index is USD hedged.

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