

Monthly Market Review

Multi-Asset Class | September 2025

U.S. Equity

- Domestic equity markets, as represented by the S&P 500 Index (S&P) and the Russell 3000, returned 2.03% and 2.31% respectively in August.
- 10 of the 11 sectors saw positive returns for the month. The Materials sector was the best performing sector, returning 5.76% for the month, followed by Healthcare at 5.38%. The Utilities sector was the worst performing sector, returning -1.58% in August.
- Positive returns were seen across all capitalizations, with small-caps (Russell 2000) returning 7.14%, mid-caps (Russell Mid Cap Index) returning 2.50%, and large-caps (Russell 1000 Index) returning 2.10%. Value stocks outperformed growth stocks across all capitalizations during the month.
- According to FactSet Earnings Insight as of August 29, 2025, the blended growth rate for the S&P is currently 11.9% for Q2 2025, with 98% of companies reporting results. Of those companies that reported earnings, 81% posted a positive surprise. The expected growth rate for Q3 2025 is 7.5% growth, with an overall calendar year projection of 10.6%.

Non-U.S. Equity

- Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S. Index, returned 3.47% in August. Developed markets, represented by the MSCI EAFE Index, returned 4.26% as Europe (MSCI Europe) returned 3.44% and Japan (MSCI Japan) returned 6.95%. Emerging markets (EM), as represented by the MSCI Emerging Markets Index, returned 1.28% as Chinese equities (MSCI China Index) returned 4.94% and Indian equities (MSCI India Index) returned -3.13%.
- Within the ACWI ex-U.S. Index, all 11 sectors posted positive returns. Materials was the best performing sector for the month, returning 7.53%, while the Communication Services sector was the second-best performer, returning 7.05%. Information Technology was the worst performing sector, posting a return of 0.88%.

Fixed Income

- In August, the Treasury yield curve steepened as yields fell along the short and intermediate end of curve with a slight uptick on the long end of the curve. The 2- and 5-year yields fell 34 and 27 basis points (bps) respectively. The yield on the 10-year also fell 15 bps, while the 30-year U.S. Treasury yield rose 3 bps.
- The Bloomberg U.S. Aggregate Index returned 1.20% in August. Investment-grade (IG) credit returned 1.06%, AAA-rated bonds returned 1.18%, AA-rated bonds returned 1.00%, A-rated bonds returned 1.00% and BBB-rated bonds returned 1.10%. High-yield corporates, as represented by the ICE BofA

U.S. High Yield Index, returned 1.25% during the month, while the Broad Treasury Index returned 1.03%. Spreads tightened slightly for high-yield corporates while they remained near flat for investment grade corporates.

Diversifying Assets

- During August, real estate investment trusts (REITs), as represented by the MSCI U.S. REIT Index and the FTSE NAREIT Index returned 4.38% and 4.41% respectively. The Lodging/Resorts sector saw the strongest performance for the month while the Data Center sector was the most challenged. Listed Infrastructure, represented by the MSCI World Core Infrastructure Index, returned 0.95% for the month.

Items to Watch

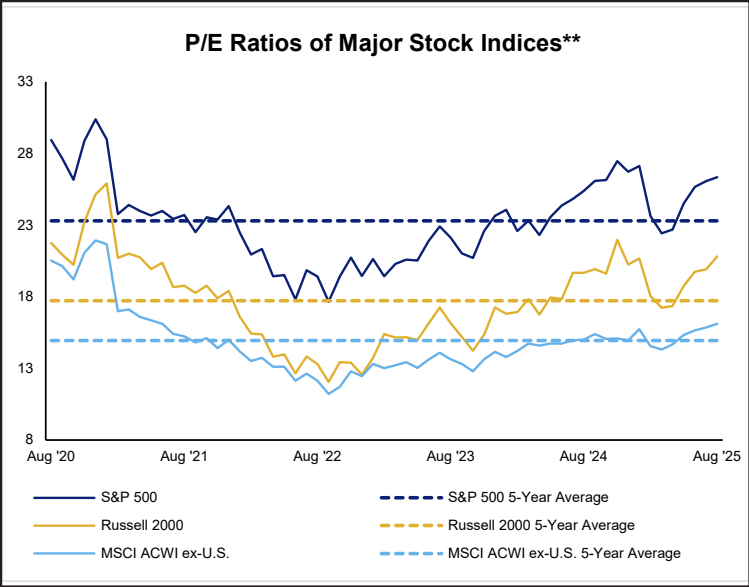
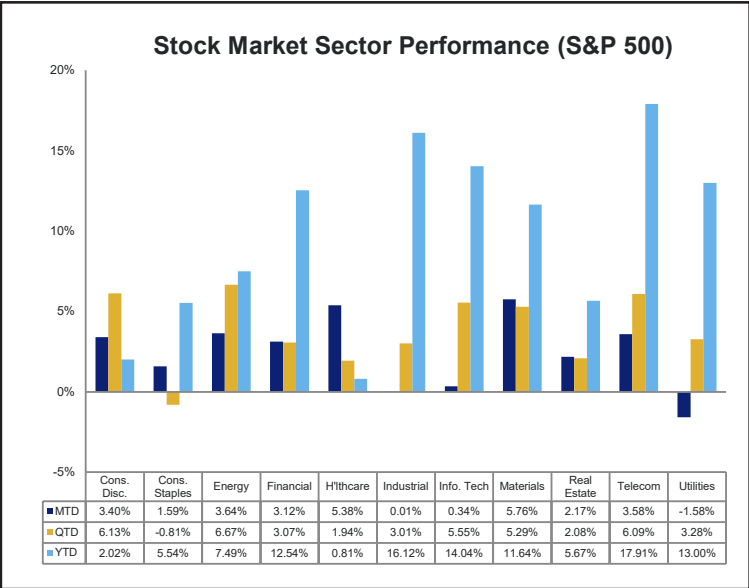
- The tariff picture remains cloudy as the case against the global tariffs levied by the U.S. moves through the courts. While a federal appellate court ruled in August that many of the tariffs were put into effect illegally, the ruling does not go into effect until October 14 and the appeals process may escalate to the Supreme Court. Sector specific tariffs will generally not be impacted by this ruling and the Trump administration may implement new tariffs under these other authorities as replacements should the ruling be upheld by the Supreme Court.
- U.S. Manufacturing remains in contractionary territory for the sixth consecutive month, with the ISM U.S. Manufacturing PMI coming in at 48.7 in August. This was a slight improvement from July's 48.0, but it fell short of expectations as input price inflation remains elevated and demand continues to see weakness.
- PCE and core PCE (excluding volatile food and energy) matched expectations, rising 2.6% and 2.9% respectively year-over-year in July. Both food and energy prices declined prompting the stronger core PCE figure. The acceleration came in core services, while core goods prices remained relatively flat, pointing to a continued lag in pass-through of tariff cost increases. The sticky inflation figures remain an area to watch as the Federal Reserve plans their interest rate decisions, balancing the dual mandate of price stability and full employment.

Sources

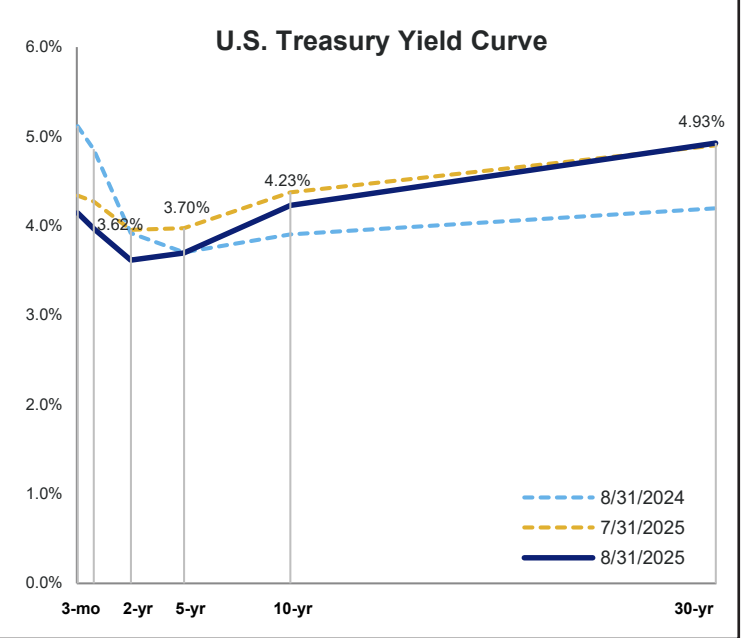
- Bloomberg
- FactSet
- BEA [U.S. Bureau of Economic Analysis](#)

1 - All returns are expressed as total returns (price returns net of dividends).

| Total Return of Major Indices | | | | |
|--------------------------------|-------|--------|--------|--------|
| Domestic Equity | MTD | QTD | YTD | 1 YR |
| S&P 500 | 2.03% | 4.32% | 10.78% | 15.85% |
| Russell 3000 | 2.31% | 4.57% | 10.57% | 15.82% |
| Russell 2000 | 7.14% | 9.00% | 7.05% | 8.15% |
| Russell 1000 | 2.10% | 4.37% | 10.75% | 16.22% |
| International Equity | MTD | QTD | YTD | 1 YR |
| MSCI ACWI ex-U.S. | 3.47% | 3.18% | 21.64% | 15.42% |
| MSCI EAFE | 4.26% | 2.80% | 22.79% | 13.87% |
| MSCI Emerging Markets | 1.28% | 3.26% | 19.02% | 16.80% |
| Fixed Income | MTD | QTD | YTD | 1 YR |
| Bloomberg Barclays U.S. Agg | 1.20% | 0.93% | 4.99% | 3.14% |
| Bloomberg Barclays Global Agg | 1.45% | -0.06% | 7.21% | 3.47% |
| Bloomberg Barclays U.S. HY | 1.22% | 1.62% | 6.25% | 8.15% |
| Listed Real Assets | MTD | QTD | YTD | 1 YR |
| MSCI U.S. REIT | 4.38% | 3.52% | 2.79% | -1.40% |
| FTSE NAREIT Index | 4.41% | 3.62% | 3.35% | -0.44% |
| MSCI World Core Infrastructure | 0.95% | 0.55% | 14.06% | 9.72% |



| Economic Indicators | | |
|--|-----------|----------------|
| Domestic | Current | Previous Month |
| Unemployment Rate (%) | 4.2% | 4.1% |
| Initial Jobless Claims (4 week average) | 228.5 K | 226 K |
| CB Leading Economic Indicators | -0.1 | -0.3 |
| Capacity Utilization | 77.5% | 77.7% |
| GDP (annual growth rate) | 3.3% | -0.5% |
| University of Michigan Consumer Confidence | 58.2 | 61.7 |
| New Home Starts | 652 K | 656 K |
| Existing Home Sales | 4 MM | 3.9 MM |
| Retail Sales (YoY) | 3.9% | 4.4% |
| U.S. Durable Goods (MoM) | -2.8% | -9.4% |
| Consumer Price Index (YoY) | 2.7% | 2.7% |
| Producer Price Index (MoM) | 0.5% | 0.4% |
| Developed International* | | |
| | 6/30/2025 | 3/31/2025 |
| Market GDP (annual rate) | 1.3% | 1.6% |
| Market Unemployment | 4.8% | 4.7% |



Source: Bloomberg. Data as of August 31, 2025, unless otherwise noted.

*Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. Index. Most current data is as of June 30, 2025 due to release dates of numerous countries.

**P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.

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