Weekly Update – October 27, 2025

Market Returns Ending 10/24/2025			
Category	1 Week	QTD	YTD
US			
Large Cap	1.9%	1.6%	16.7%
Mid Cap	2.4%	2.2%	11.9%
Small Cap	2.5%	3.2%	13.9%
International			
Developed	1.3%	1.6%	27.9%
Emerging	2.0%	3.3%	32.4%
Bonds			
Aggregate	0.2%	1.2%	7.4%
High Yield	0.4%	0.2%	7.5%

US Equity Style Returns

Weekly

	Value	Core	Growth
Large	1.7	1.9	2.1
Mid	2.0	2.0	2.1
Small	2.8	2.5	2.3

YTD

	Value	Core	Growth
Large	13.1	16.4	19.3
Mid	10.1	11.2	14.1
Small	12.0	13.9	15.7

Source: Bloomberg

Key Events: Government shutdown? No problem

The US government shutdown continued, but some data was still released – US CPI came in slightly below expectations, affirming the Fed's trajectory of cutting interest rates[i]. Meanwhile the US appeared to make some progress in trade talks with China.

Market review: New highs

Markets were in a buoyant mood this week, with the Dow Jones, S&P 500, and Nasdaq all hitting new highs. They were joined by Japan's Nikkei and Hong Kong's Hang Seng, as global optimism was fueled by strong earnings momentum and expectations of central bank rate cuts.

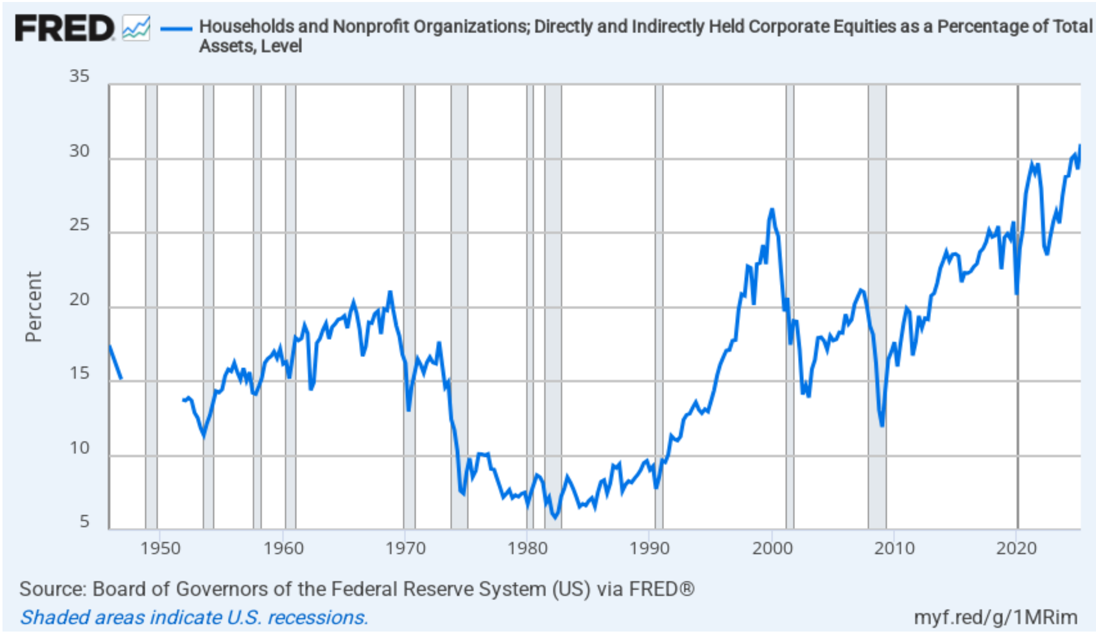
Outlook: Flying (partially) blind

Statistically speaking, we're in the dark. With the government shutdown now stretching into its fourth week, many of the most trusted economic indicators - jobs, retail sales, housing starts — remain unavailable. In their absence, investors have turned to real-time proxies like credit card spending, job postings, and corporate earnings to gauge the health of the economy. The picture they paint is mixed.

On one hand, earnings have been strong, and inflation is moderating. On the other hand, rising credit stress, softening labor demand in private surveys, and geopolitical uncertainty continue to weigh on sentiment. Additionally, the "K-shaped" economy causes concern; while owners of financial assets thrive, much of the economy is on a weaker footing.

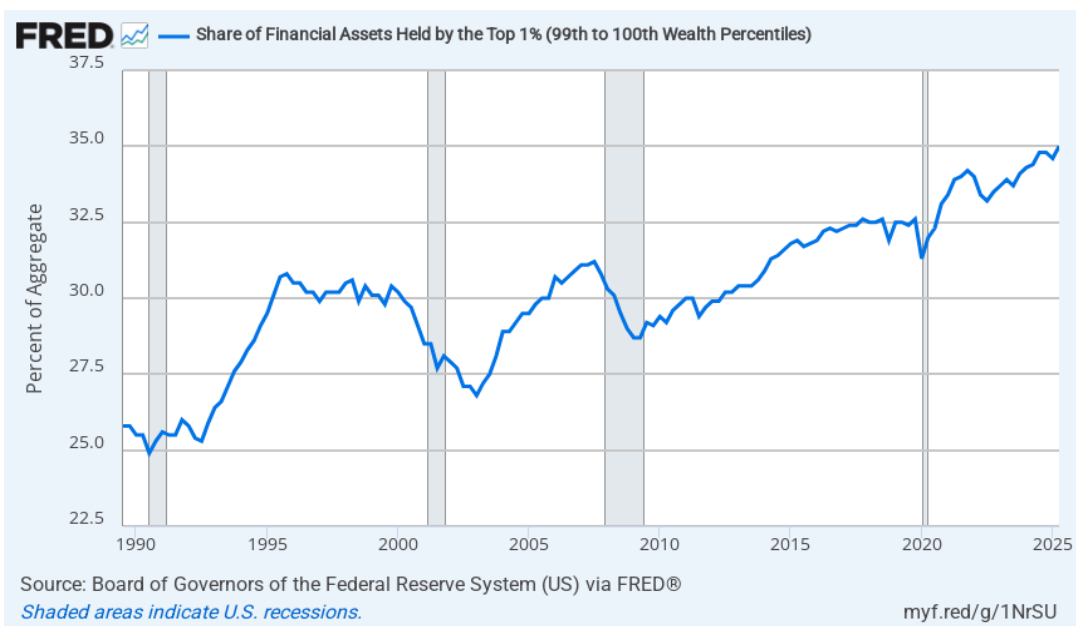
In this data vacuum, narratives can shift quickly. That's why we continue to emphasize a disciplined, diversified approach. Markets may be flying without instruments, but long-term investors don't need perfect visibility to stay on course. We remain confident that a portfolio grounded in valuation, quality, and balance is the best way to navigate uncertainty, especially when the usual signposts are missing.

The K-shaped ecomomy: Stocks are becoming more and more important to those that own them, making up a larger portion of wealth



than ever before

But that wealth continues to be more and more concentrated as the top 1% own more than 1/3 of financial assets



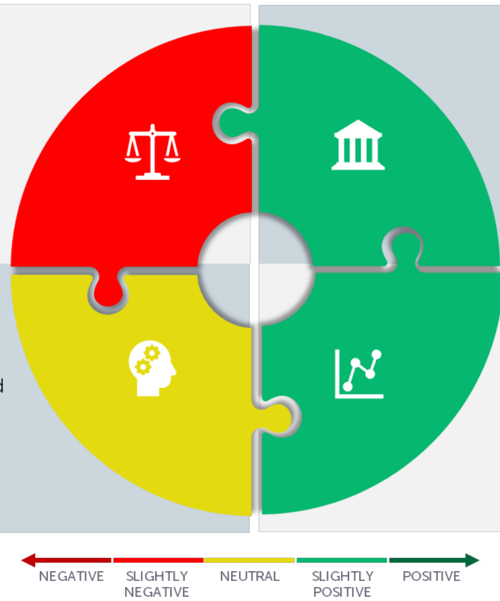
OneAscent Navigator Outlook: October 2025

VALUATION

- Bond yields remain attractive relative to the earnings yield for equities.
- Significant valuation premium persists for Large caps relative to the overall S&P 500.
- Growth minus Value forward P/E spread is at the high end of the historical range.

ECONOMY

- US Economic data surprised to the upside in September.
- Auto and Credit Card delinquencies highlight potential economic weakness.
- Earnings outlook remains solid even though the growth forecast for 2026 looks optimistic.



SENTIMENT

- Despite rate cuts, inflationary pressures prevent a dovish Federal Reserve mindset
- Investor sentiment continues to hover around neutral levels.
- Despite high levels of uncertainty, small business optimism continues to recover.

TECHNICAL

- While the stakes are high, history suggests decent returns following the shutdown.
- Global equity market breadth may be pausing after a strong move higher.
- Profitless technology stocks more than doubled in the 3rd Quarter, a sign of heightened speculation.

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[i] Source: Bureau of Labor Statistics

[ii] Market Returns reference the following indices: Large Cap – S&P 500, Mid Cap Growth – Russell Midcap growth, Mid Cap Value – Russell Midcap Value, Small Cap – Russell 2000, Developed – MSCI EAFE, Emerging – MSCI Emerging Markets, Aggregate – Bloomberg US Aggregate, High Yield – Bloomberg High Yield