

Weekly Update – September 29, 2025

Market Returns Ending 9/26/2025			
Category	1 Week	QTD	YTD
US			
Large Cap	-0.3%	7.4%	14.0%
Mid Cap	-0.9%	8.9%	9.3%
Small Cap	-0.6%	12.2%	10.2%
International			
Developed	-1.0%	3.1%	23.7%
Emerging	0.2%	10.7%	27.9%
Bonds			
Aggregate	-0.3%	1.8%	5.9%
High Yield	-0.3%	2.4%	7.1%

US Equity Style Returns			
Weekly			
	Value	Core	Growth
Large	0.1	-0.4	-0.8
Mid	0.1	-0.3	-1.5
Small	-0.1	-0.6	-1.0
YTD			
	Value	Core	Growth
Large	11.3	13.9	16.2
Mid	8.9	10.0	12.9
Small	9.1	10.2	11.3
<i>Source: Bloomberg</i>			

Key Events: The AI arms race reached new heights

The S&P 500 leapt to a record high last Monday on the news that Nvidia plans to invest \$100 billion to bolster OpenAI's data center capacity.ⁱ Nvidia's press release detailed a strategic partnership to deploy 10 gigawatts of AI data centers and that "Nvidia intends to invest up to \$100 billion progressively as each gigawatt is deployed".ⁱⁱ

Additional announcements with Oracle and SoftBank on Tuesday and Databricks on Thursday signaled a surge in activity over the coming months and quarters.

Market review: Markets pause after recent gains

Despite the transformative AI developments, most global stock markets saw modest declines over the week, with only emerging markets posting slight gains.

The Bureau of Economic Analysis, in its third release of Q2 GDP estimates, raised growth to an impressive 3.8%, a 50-basis-point increase, as shown in the accompanying chart. This stronger-than-expected economic data drove bond yields higher, leading to a decline in bond prices for the week.

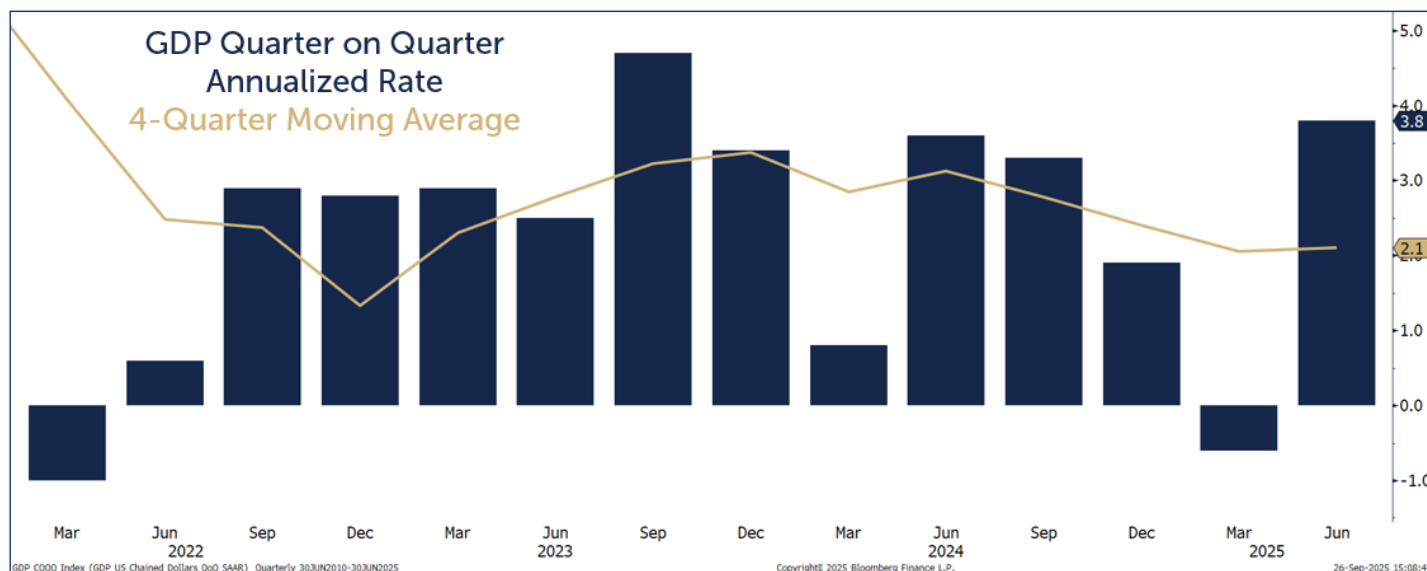
Outlook: Valuations reflect optimism for growth

Upbeat economic indicators point to a reacceleration of economic activity. While concerns regarding the resilience of the labor market and the persistence of inflation remain, stock market valuations are anticipating healthy earnings growth, particularly for the largest S&P 500 companies. The Top 50 stocks currently carry a forward P/E ratio of 25.8x, a premium of over 3 points compared to the broader S&P 500, likely reflecting expectations for the initial phase of the AI build-out. Last week's ambitious AI announcements signal robust potential, but it's realization will take time, and execution risk may be much higher than current expectations.



In contrast, Mid-Cap stocks trade at a significant valuation discount relative to both the Top 50 stocks and the S&P 500, as illustrated in the second chart. This valuation gap, combined with positive economic signals, reinforces the case for broader market diversification. Mid-Cap stocks offer a compelling margin of safety, making them an attractive option for investors seeking to balance risk and opportunity across the market capitalization spectrum.

Second Quarter GDP: 2nd best quarter since 2021

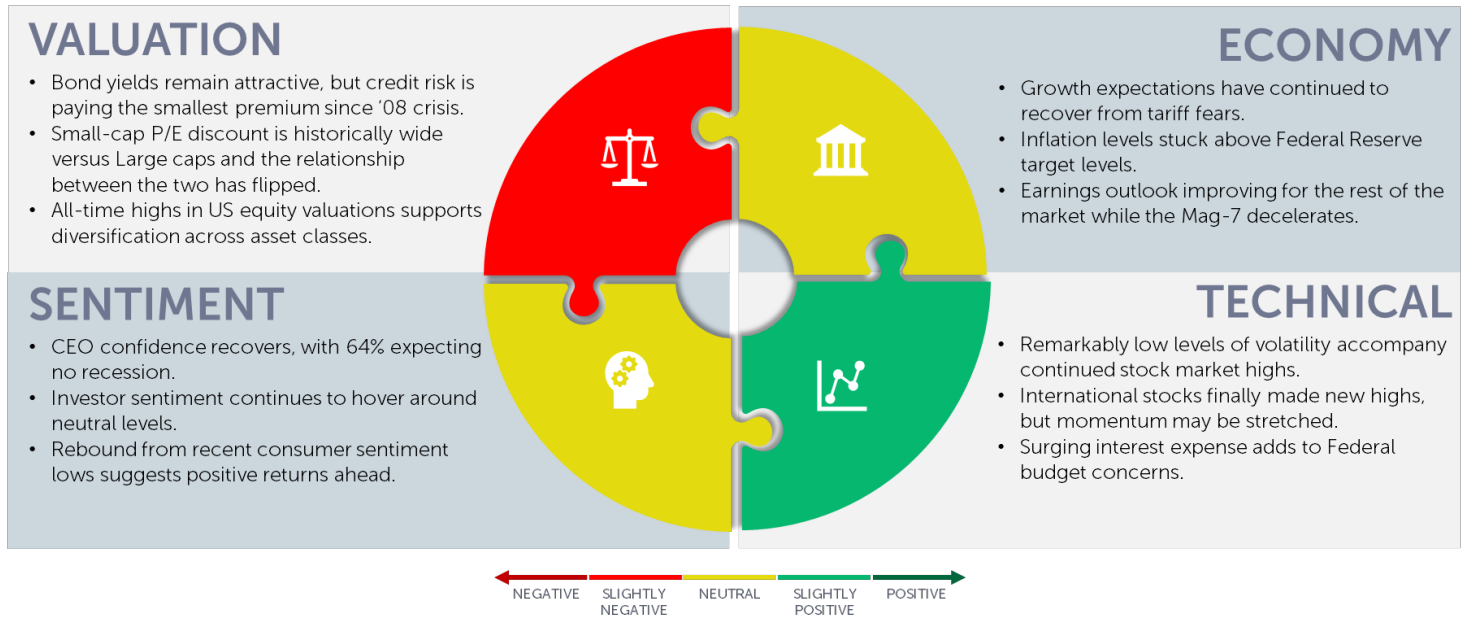


Source: Bureau of Economic Analysis and Bloomberg.

Highest forward P/E multiples for Top 50 stocks underscores a winner take all mentality that has gripped markets since the pandemic



OneAscent Navigator Outlook: September 2025



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ⁱ Source: CNBC article: “OpenAI’s historic week has redefined the AI arms race for investors: ‘I don’t see this as crazy’”.

ⁱⁱ Source: Nvidia press release: “OpenAI and NVIDIA Announce Strategic Partnership to Deploy 10 Gigawatts of NVIDIA Systems”, dated 9/22/2025.

ⁱⁱⁱ 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