

U.S. Equity

- Domestic equity markets, as represented by the S&P 500 Index (S&P) and the Russell 3000 Index, returned 3.64% and 3.44% respectively in September.¹
- Eight of the 11 sectors saw positive returns for the month. The Information Technology sector was the best performing sector, returning 7.25% for the month, followed by Communications Services at 5.60%. The Materials sector was the worst performing sector, returning -2.08% in September.
- Positive returns were seen across all capitalizations, with small-caps (Russell 2000 Index) returning 3.11%, mid-caps (Russell Mid Cap Index) returning 0.87%, and large-caps (Russell 1000 Index) returning 3.46%. Growth outperformed value in large and small-caps, while value outperformed growth in mid-caps during the month.
- According to FactSet Earnings Insight as of September 26, 2025, the estimated earnings growth rate for the S&P 500 is currently 7.9% for Q3 2025, and 2025 earnings are projected to grow 10.9%.

Non-U.S. Equity

- Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S. Index returned 3.60% in September. Developed markets, represented by the MSCI EAFE Index returned 1.91% as Europe (MSCI Europe) returned 1.98% and Japan (MSCI Japan) returned 2.44%. Emerging markets (EM), as represented by the MSCI Emerging Markets Index, returned 7.15% as Chinese equities (MSCI China Index) returned 9.75% and Indian equities (MSCI India Index) returned 0.50%.
- Within the ACWI ex-U.S. Index, nine of the 11 sectors posted positive returns. Information technology was the best performing sector for the month, returning 9.91%, while the Materials sector was the second-best performer, returning 7.54%. Consumer Staples was the worst performing sector, posting a return of -2.07%.

Fixed Income

- In September, the Treasury yield curve flattened as yields fell along the short and long end of curve while staying relatively flat in the intermediate portion of the curve. The 2-year yield fell 1 basis point (bps) while the 5-year yield rose 5 bps. The yield on the 10-year fell 8 bps and the 30-year U.S. Treasury yield fell 20 bps.
- The Bloomberg U.S. Aggregate Index returned 1.09% in September. Investment-grade (IG) credit returned 1.44%, AAA-rated bonds returned 0.55%, AA-rated bonds returned 1.38%, A-rated bonds returned 1.45% and BBB-rated bonds returned 1.59%. High-yield corporates, as represented by ICE BofA U.S. High Yield Index returned 0.82% during the month, while the Broad Treasury Index returned 0.92%. Spreads tightened slightly for both high-yield and IG corporates.

Listed Real Assets

- During September, real estate investment trusts (REITs), as represented by the MSCI U.S. REIT Index and the FTSE NAREIT Index returned 0.94% and 1.12% respectively. The Healthcare sector saw the strongest performance for the month while the Lodging/Resorts sector was the most challenged. Listed Infrastructure, represented by the MSCI World Core Infrastructure Index, returned 1.25% for the month.

Items to Watch

- Manufacturing in the U.S. remains challenged, with the ISM U.S. Manufacturing PMI reading coming in at 49.1 in September. This is up from August's reading of 48.7 and above market expectations, but still short of the 50, "neutral" reading. September marks the seventh consecutive month of contraction as input prices remain elevated while demand is relatively weak. The threat of volatility stemming from trade and tariffs has mostly passed, though some trade agreement deadlines are set in Q4, and these pose continued uncertainty for many companies.
- The U.S. unemployment rate ticked up in August to 4.3% from 4.2% in the previous month. This reflects the highest proportion of joblessness since October 2021. The latest initial jobless claims ended the month slightly lower at 218.0k (for the week ending September 20th) after an early September spike, signaling layoffs remain subdued despite broader signs of labor market cooling. The other side of the "low-hire, low-fire" environment can be seen in the duration of unemployment, with 25.7% of the job seekers experiencing unemployment for more than six months, the highest share since February 2022.
- The U.S. federal government shut down after failing to pass a funding bill by the September 30 deadline, halting approximately 26% of federal spending and furloughing impacted federal workers. Previous federal shutdowns have had modest effects on the economy, depending on the length of the shutdown.
- The longest shutdown on record (35 days) reduced real gross domestic product (GDP) by approximately \$11 billion, according to the Congressional Budget Office (CBO). That is a fairly low number given the sheer size of the domestic economy. However, in a softening labor market, a possible reduction in the federal workforce, noted by the Office of Management and Budget (OMB), may increase the number of unemployed workers.

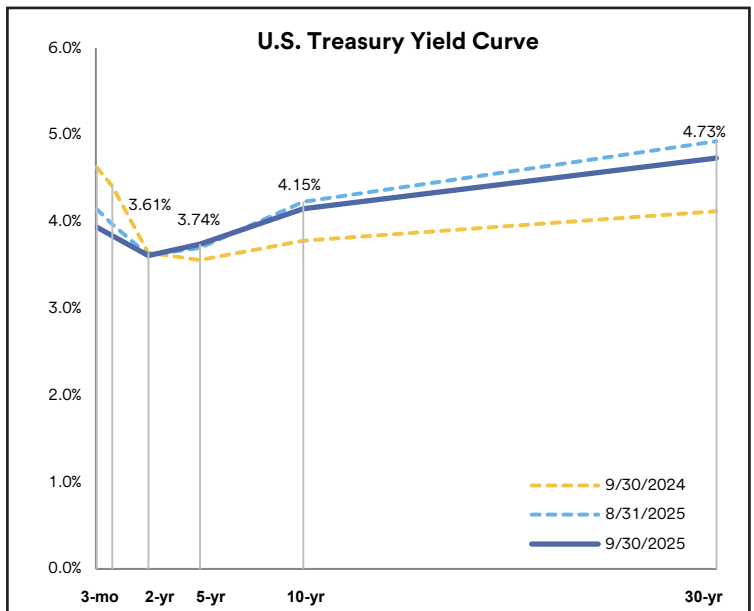
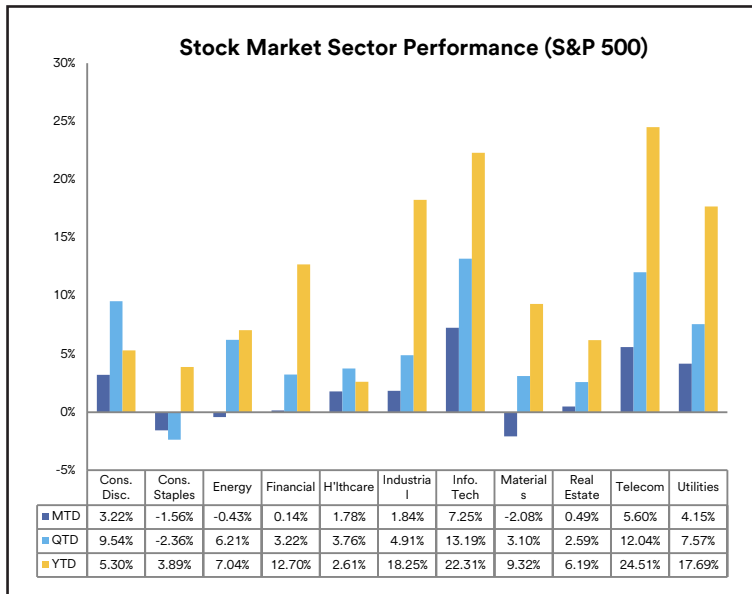
Sources

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

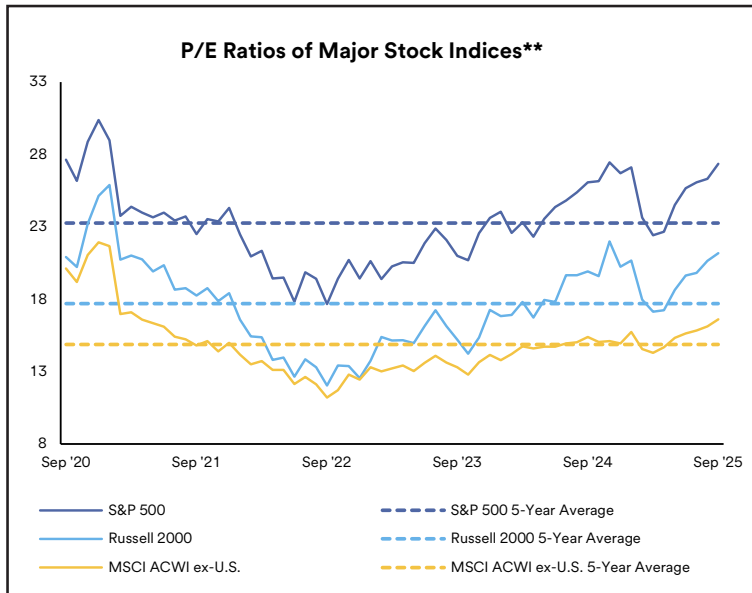
1 - All returns are expressed as total returns (price returns net of dividends).

Total Return of Major Indices				
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	3.64%	8.11%	14.81%	17.56%
Russell 3000	3.44%	8.17%	14.38%	17.38%
Russell 2000	3.11%	12.39%	10.38%	10.74%
Russell 1000	3.46%	7.98%	14.58%	17.72%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	3.60%	6.89%	26.02%	16.45%
MSCI EAFE	1.91%	4.77%	25.14%	14.99%
MSCI Emerging Markets	7.15%	10.64%	27.53%	17.32%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg U.S. Agg	1.09%	2.03%	6.13%	2.88%
Bloomberg Global Agg	0.65%	0.60%	7.91%	2.40%
ICE BofA U.S. HY	0.76%	2.40%	7.06%	7.23%
Listed Real Assets	MTD	QTD	YTD	1 YR
MSCI U.S. REIT	0.94%	4.49%	3.75%	-2.88%
FTSE NAREIT Index	1.12%	4.77%	4.51%	-1.98%
MSCI World Core Infrastructure	1.25%	1.80%	15.48%	8.21%

Economic Indicators		
Domestic	Current	Previous Month
Unemployment Rate (%)	4.3%	4.2%
Initial Jobless Claims (4 week average)	237.5 K	240.3 K
CB Leading Economic Indicators	-0.5	0.1
Capacity Utilization	77.4%	77.4%
GDP (annual growth rate)	3.8%	-0.6%
University of Michigan Consumer Confidence	55.1	58.2
New Home Starts	800 K	664 K
Existing Home Sales	4 MM	4 MM
Retail Sales (YoY)	5.0%	4.1%
U.S. Durable Goods (MoM)	2.9%	-2.7%
Consumer Price Index (YoY)	2.9%	2.7%
Producer Price Index (MoM)	0.1%	0.4%
Developed International*	6/30/2025	3/31/2025
Market GDP (annual rate)	1.4%	1.7%
Market Unemployment	4.8%	4.7%



Source: Bloomberg. Data as of September 30, 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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