

Benchmark Review & Monthly Recap

Government Shutdown Stalls Economic Data, but Not Stocks & Bonds as Gains Continued in October

Equity Markets

Equities continued to broadly rally in October. See **Table 1** for October 2025 and YTD returns.

Table 1 | Equity Markets

Index	October	YTD
S&P 500	2.34%	17.52%
S&P 500 Equal Weight	-0.95%	8.86%
DJIA	2.59%	13.34%
Russell 3000	2.14%	16.85%
NASDAQ Comp.	4.72%	23.50%
Russell 2000	1.81%	12.39%
MSCI ACWI ex U.S.	2.02%	28.57%
MSCI Emerging Mkts Net	4.18%	32.86%

Source: Morningstar. For illustrative purposes only. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index. Past performance is not indicative of future results.

The equity rally continued in October, and large-cap growth stocks enjoyed some of the best results for the month. The Nasdaq Composite Index showed the strongest returns in October, while the equal-weight S&P 500 Index slid lower for the month. This difference illustrates the strength of the larger market-cap weighted companies as smaller companies (which get an equal weight in an equal weighted index) lagged. The Russell 2000 Index, a measure of small-cap stocks, added to its new high achieved in September, but its results were among the weakest of the equity markets last month. International stocks advanced again in October with emerging market equities showing particular strength in recent months. Both measures of international stocks are well ahead of their U.S. counterparts after underperforming for much of the last 15 years. Following the April lows, stocks have had an impressive rally with little weakness along the way. It is imperative to remember that stocks can be volatile, and some profit taking or normal consolidation would not be unexpected over the near term after such solid recent gains.

Highlights

- **Stocks:** The major U.S. stock indices continued to add to new all-time highs in October despite the government being shut down for the entire month. Stocks broadly advanced but large-cap growth maintained leadership.
- **Bonds:** The 10-year U.S. Treasury closed September at 4.16%, and it slid below the important 4% mark at times during October—closing at 3.97% on October 22, its closing low for the year. The yield settled at 4.11% by month's end.
- **U.S. Economy:** The government shutdown, which began at the start of the month, resulted in few economic data releases. We will comment on a few data points received during the month in the economic section below.
- **Federal Reserve:** The Fed followed up its September rate cut with another widely anticipated cut in October. Chair Powell was somewhat hawkish in his October press conference, which helped push yields modestly higher in the last few days of the month.

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Fixed Income

Bonds continued their solid year with another month of good returns. Generally, rates moved lower during the month, which led to a positive backdrop for most bond sectors. See **Table 2** for bond index returns for October 2025 and YTD.

Table 2 | Fixed Income Markets

Index	October	YTD
Bloomberg U.S. Agg	0.62%	6.80%
Bloomberg U.S. Credit	0.44%	7.37%
Bloomberg U.S. High Yld	0.16%	7.39%
Bloomberg Muni	1.24%	3.91%
Bloomberg 30-year U.S. TSY	1.39%	5.70%
Bloomberg U.S. TSY	0.62%	6.01%

Source: Morningstar. For illustrative purposes only. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index. Past performance is not indicative of future results.

The 10-year U.S. Treasury yield dipped below 4% in October for the first time since a brief intraday decline at the height of the tariff concerns in early April. The last several months have seen rates generally declining, which has created a solid backdrop for bond returns. This move lower in rates gained some momentum as weaker job market data led to heightened market expectations that the Fed would resume its rate cut cycle, which it did in September. Munis, one sector of the bond market that struggled during the first half of the year, had market-leading results for the third quarter and strong results to start the fourth quarter as well. Although muni returns still lag other bond indices year-to-date, this area of the bond market has seen solid recent gains. Bonds have done their job in 2025—posting solid gains and helping to offset early-year equity market volatility. We maintain our long-standing position favoring credit versus pure rate exposure in this interest rate environment. Credit spreads have remained near historic lows as corporate bonds have outperformed Treasuries so far this year. We also believe the role bonds play in a portfolio, to provide stable cash flow and to help offset the volatility of stocks in the long run, has not changed. As the Fed resumes its rate-cutting cycle, we believe having an active bond management approach makes sense. Furthermore, rates remain elevated and in our opinion, provide attractive opportunities for bond investors.

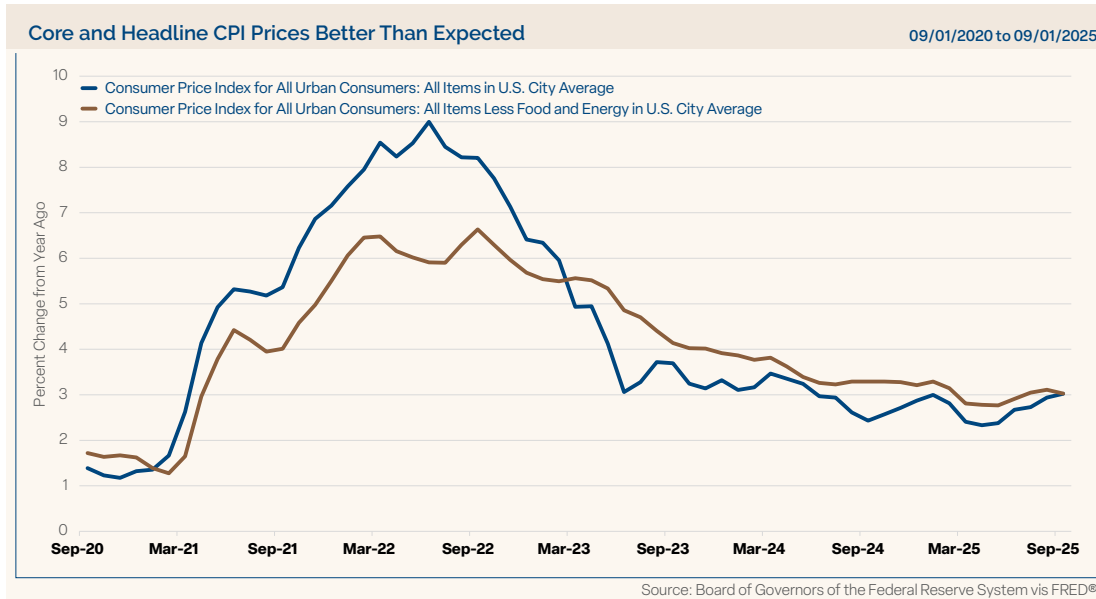
Economic Data Highlights and Outlook

Our comments will be limited in this section as the government shutdown resulted in most economic data not being compiled or released. With that said, we will highlight a few releases of note.

Some workers at the Bureau of Labor Statistics (BLS) were required to return to work to calculate the Consumer Price Index, which by law is needed for cost-of-living adjustments (COLA), principally for social security. Although this economic data point was highly anticipated due to it being about inflation and being one of the only economic releases to be made, it was more or less a non-event. Both the headline and the core numbers were 0.1% better (lower) than expected for the month and year-over-year readings for September. The core and the headline year-over-year price increases through September are now the same at 3.0%. (Please see **Chart 1** below.)

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Chart 1



For illustrative purposes only. Past performance is not indicative of future results.

The Institute for Supply Management (ISM) Manufacturing Index continued to reflect contraction with a reading of 49.1 compared to expectations of 49.0 for September. New orders slipped below 50 when a reading of 50 was expected. The ISM Non-Manufacturing Index, which covers the much larger service industries in the U.S. economy, came in at 50 in September, which was lower than expectations of 51.7 and a decline from August's level of 52.0. Recall for the ISM indices, readings above 50 represent expansion and below 50 reflect contraction.

The preliminary University of Michigan Consumer Sentiment survey for October was modestly better than expected at 55 versus expectations of 54 but fractionally lower than September's mark of 55.1. After recovering in the summer from very pessimistic levels following the tariff announcements in April and May, consumer sentiment has slid lower from late summer and into fall.

Finally, the Atlanta Fed GDP Now estimate shows expected Q3 2025 growth to come in at a 4.0% annualized pace (as of November 3, 2025), which would surpass the strong final growth rate of 3.8% in the second quarter. However, with the government shutdown, the preliminary reading of Q3 GDP was not reported at the end of October as it was originally scheduled.

The Federal Reserve cut rates as expected at the end of October; however, Chair Powell's press conference comments were somewhat hawkish and lowered the odds of a rate cut at the final FOMC meeting of 2025 in December. Odds still favor a rate cut at this meeting, but now the probability lies at 67.5% when it had been north of 90% prior to the most recent FOMC meeting (per the CME FedWatch Tool as of November 3, 2025). The rate cut cycle is ongoing, but the pace might be modestly slower than the market previously expected.

Markets have proven to be strong for most of the year. Following the shock of the tariff announcements in April, stocks have recovered since the Trump administration paused on the implementation, and most negotiations have resulted in lower levels than initially feared. The government shutdown has not placed any real strain in the stock market either, and ongoing Fed rate cuts have supported both stock and bond market progress. The market might become more impatient if the shutdown continues for an extended period and we miss additional economic releases. However, through October, the market was able to look past the lack of economic news and focus on rate cuts and improving earnings growth of U.S. companies. Stock valuations have crept higher and

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sit at elevated levels. However, valuations have not grown too alarming in our opinion as third quarter earnings season is progressing well, with 85% of companies exceeding analysts' estimates. Earnings expectations have picked up over the last several weeks and are now at record highs, and earnings growth is expected to increase over the next several quarters as well. We believe there are opportunities in the stock market as we close out 2025, and elevated bond yields may provide opportunities in fixed income as well despite yields recently moving lower. As always, we believe it is imperative for investors to stay focused on their long-term goals and not let short-term swings in the market derail them from their longer-term objectives.

Please Note: Highlighted items in the table below have not been updated since the prior month due to the government shutdown and updates to those prior readings not being available.

Economic Data

Event	Period	Estimate	Actual	Prior	Revised
ISM Manufacturing	Sept	49	49.1	48.7	—
ISM Services Index	Sept	51.7	50	52	—
Change in Nonfarm Payrolls	Aug	75k	22k	73k	79k
Unemployment Rate	Aug	4.30%	4.30%	4.20%	—
Average Hourly Earnings YoY	Aug	3.80%	3.70%	3.90%	—
JOLTS Job Openings	Aug	7200k	7227k	7181k	7208k
PPI Final Demand MoM	Aug	0.30%	-0.10%	0.90%	0.70%
PPI Final Demand YoY	Aug	3.30%	2.60%	3.30%	3.10%
PPI Ex Food and Energy MoM	Aug	0.30%	-0.10%	0.90%	0.70%
PPI Ex Food and Energy YoY	Aug	3.50%	2.80%	3.70%	3.40%
CPI MoM	Sept	0.40%	0.30%	0.40%	—
CPI YoY	Sept	3.10%	3.00%	2.90%	—
CPI Ex Food and Energy MoM	Sept	0.30%	0.20%	0.30%	—
CPI Ex Food and Energy YoY	Sept	3.10%	3.00%	3.10%	—
Retail Sales Ex Auto and Gas	Aug	0.40%	0.70%	0.20%	0.30%
Industrial Production MoM	Aug	-0.10%	0.10%	-0.10%	-0.40%
Building Permits	Aug P	1370k	1312k	1362k	—
Housing Starts	Aug	1365k	1307k	1428k	1429k
New Home Sales	Aug	650k	800k	652k	664k
Existing Home Sales	Sept	4.06m	4.06m	4.00m	—
Leading Index	Aug	-0.20%	-0.50%	-0.10%	0.10%
Durable Goods Orders	Aug P	-0.30%	2.90%	-2.80%	-2.70%
GDP Annualized QoQ	2Q T	3.30%	3.80%	3.30%	—
U. of Mich. Sentiment	Oct P	54	55	55.1	—

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Chart 3

Event	Period	Estimate	Actual	Prior	Revised
Personal Income	Aug	0.30%	0.40%	0.40%	—
Personal Spending	Aug	0.50%	0.60%	0.50%	—
S&P Cotality CS 20-City YoY NSA	Aug	1.30%	1.58%	1.82%	1.81%

Source: Bloomberg; P=Preliminary, T=Third Reading

For illustrative purposes only. Past performance is not indicative of future results. Neither past actual, projections, nor other forward looking statements regarding future financial performance of markets are only projections and actual events or results may differ materially.

Disclosures

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The manager utilizes a proprietary investment model to assist with the construction of the strategy and to assist the manager with making investment decisions. Investments selected using this process may perform differently than expected as a result of the factors used in the model, the weight placed on each factor, and changes from the factors' historical trends. There is no guarantee that Clark Capital's use of a model will result in effective investment decisions.

Fixed income securities are subject to certain risks including, but not limited to: interest rate (changes in interest rates may cause a decline in market value or an investment), credit, prepayment, call (some bonds allow the issuer to call a bond for redemption before it matures), and extension (principal repayments may not occur as quickly as anticipated, causing the expected maturity of a security to increase).

Non-investment-grade debt securities (high-yield/junk bonds) may be subject to greater market fluctuations, risk of default or loss of income and principal than higher-rated securities.

The value of investments, and the income from them, can go down as well as up and you may get back less than the amount invested.

Equity securities are subject to price fluctuation and possible loss of principal. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Certain investment strategies tend to increase the total risk of an investment (relative to the broader market). Strategies that concentrate their investments in limited sectors are more vulnerable to adverse market, economic, regulatory, political, or other developments affecting those sectors.

JOLTS is a monthly report by the Bureau of Labor Statistics (BLS) of the U.S. Department of Labor counting job vacancies and separations, including the number of workers voluntarily quitting employment.

The Core Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

The Core Producer Price Index (PPI) program measures the average change over time in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services.

The PCE price index, released each month in the Personal Income and Outlays report, reflects changes in the prices of goods and services purchased by consumers in the United States.

References to market or composite indices, benchmarks or other measures of relative market performance over a specified period of time (each, an "index") are provided for your information only. Reference to an index does not imply that the portfolio

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will achieve returns, volatility or other results similar to that index. The composition of the index may not reflect the manner in which a portfolio is constructed in relation to expected or achieved returns, portfolio guidelines, restrictions, sectors, correlations, concentrations, volatility or tracking error targets, all of which are subject to change. Investors cannot invest directly in an index.

The Dow Jones Industrial Average® (The Dow®), is a price-weighted measure of 30 U.S. blue-chip companies. The index covers all industries except transportation and utilities.

The Bloomberg Barclays U.S. Municipal Index covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

The Bloomberg US Treasury Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury. Treasury bills are excluded by the maturity constraint, but are part of a separate Short Treasury Index.

The NASDAQ Composite is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market.

The S&P 500 measures the performance of the 500 leading companies in leading industries of the U.S. economy, capturing 80% of U.S. equities.

The S&P 500® Equal Weight Index (EWI) is the equal-weight version of the widely-used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight or 0.2% of the index total at each quarterly rebalance.

The University of Michigan Consumer Sentiment Index rates the relative level of current and future economic conditions. There are two versions of this data released two weeks apart, preliminary and revised. The preliminary data tends to have a greater impact. The reading is compiled from a survey of around 500 consumers.

The Russell 1000 Index is a stock market index that tracks the highest-ranking 1,000 stocks in the Russell 3000 Index, which represent about 93% of the total market capitalization of that index.

The Russell 2000 Index is a small-cap stock market index that represents the bottom 2,000 stocks in the Russell 3000.

The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market.

Russell 1000 Growth Index tracks companies with higher price-to-book ratios, higher sales per share growth, and higher I/B/E/S forecast growth.

Russell 1000 Value Index tracks companies with lower price-to-book ratios and lower expected and historical growth rates. Russell's value indexes focus more on dividend yield.

Nonfarm payrolls (NFPs) are the measure of the number of workers in the United States excluding farm workers and workers in a handful of other job classifications.

A municipal bond, commonly known as a muni, is a bond issued by state or local governments, or entities they create such as authorities and special districts.

The CBOE Volatility Index (VIX) is a real-time index that measures the expected volatility of the S&P 500 over the next 30 days.

The U.S. Treasury index is based on the recent auctions of U.S. Treasury bills. Occasionally it is based on the U.S. Treasury's daily yield curve.

The 30 Year Treasury Rate is the yield received for investing in a US government issued treasury security that has a maturity of 30 years.

The Bloomberg Barclays U.S. Corporate High-Yield Index covers the U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below.

The Bloomberg Barclays U.S. Credit Index measures the investment grade, U.S. dollar denominated, fixed-rate taxable corporate and government related bond markets.

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The Bloomberg Aggregate Bond Index or “the Agg” is a broad-based fixed-income index used by bond traders and the managers of mutual funds and exchange-traded funds (ETFs) as a benchmark to measure their relative performance.

The Bloomberg US Trsy Bellwether 30Y is a U.S. Treasury debt obligation that has a maturity of 30 years.

The ISM Non-Manufacturing Index is an index based on surveys of more than 400 non-manufacturing firms’ purchasing and supply executives, within 60 sectors across the nation, by the Institute of Supply Management (ISM). The ISM Non-Manufacturing Index tracks economic data, like the ISM Non-Manufacturing Business Activity Index. A composite diffusion index is created based on the data from these surveys, that monitors economic conditions of the nation.

ISM Manufacturing Index measures manufacturing activity based on a monthly survey, conducted by Institute for Supply Management (ISM), of purchasing managers at more than 300 manufacturing firms.

The MSCI Emerging Markets Index captures large and mid cap representation across 27 Emerging Markets (EM) countries.

The MSCI ACWI ex USA Index captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 27 Emerging Markets (EM) countries*. With 2,359 constituents, the index covers approximately 85% of the global equity opportunity set outside the US.

The S&P CoreLogic Case-Shiller 20-City Composite Home Price NSA Index seeks to measure the value of residential real estate in 20 major U.S. metropolitan areas. The U.S. Treasury index is based on the recent auctions of U.S. Treasury bills. Occasionally it is based on the U.S. Treasury’s daily yield curve.

The Leading Economic Index provides an early indication of significant turning points in the business cycle and where the economy is heading in the near term.

In the United States, the Core Personal Consumption Expenditure Price (CPE) Index provides a measure of the prices paid by people for domestic purchases of goods and services, excluding the prices of food and energy.

The Conference Board’s Leading Indexes are the key elements in an analytic system designed to signal peaks and troughs in the business cycle. The leading, coincident, and lagging economic indexes are essentially composite averages of several individual leading, coincident, or lagging indicators. They are constructed to summarize and reveal common turning point patterns in economic data in a clearer and more convincing manner than any individual component – primarily because they smooth out some of the volatility of individual components.

Gross domestic product (GDP) is the standard measure of the value added created through the production of goods and services in a country during a certain period.