

September Market Update

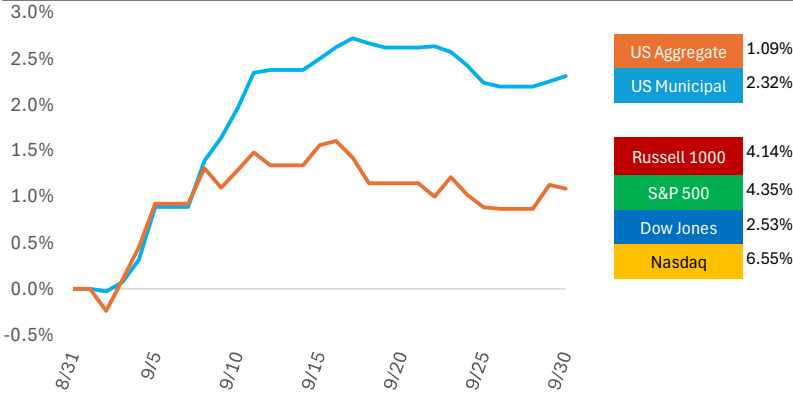
As of 9/30/2025 | amnat.com



Macro & Market View: Historically Weak

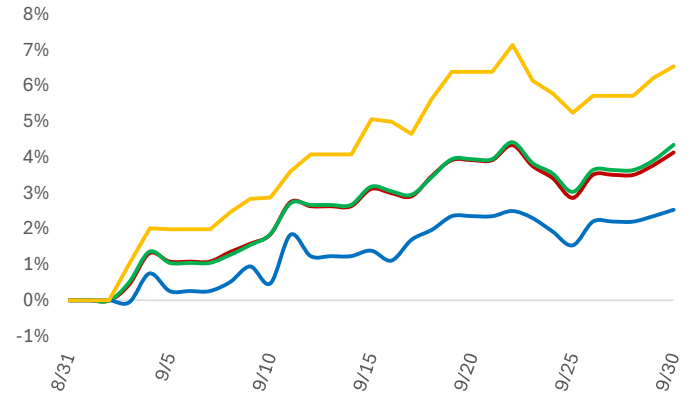
We remain focused and assess how policy decisions affect the outlook for economic growth for the rest of the year. Steady investor sentiment and a watchful stance reflected interest rate and growth uncertainty. Over the past month, equity markets have risen for the broad US stock indices, while stock and bond market correlations have been 59% and 89% for the aggregate corporate and municipal bond markets, respectively. Historically, the month of September has generated a negative equity market return as measured by the S&P 500 index of -0.55% on average; however, the market outperformed with a return of 4.35% for the month. Equity returns this year are positive at 14.81% for the S&P 500 index, while the US Aggregate bond index returned 6.13%.

Fixed Income Index Returns



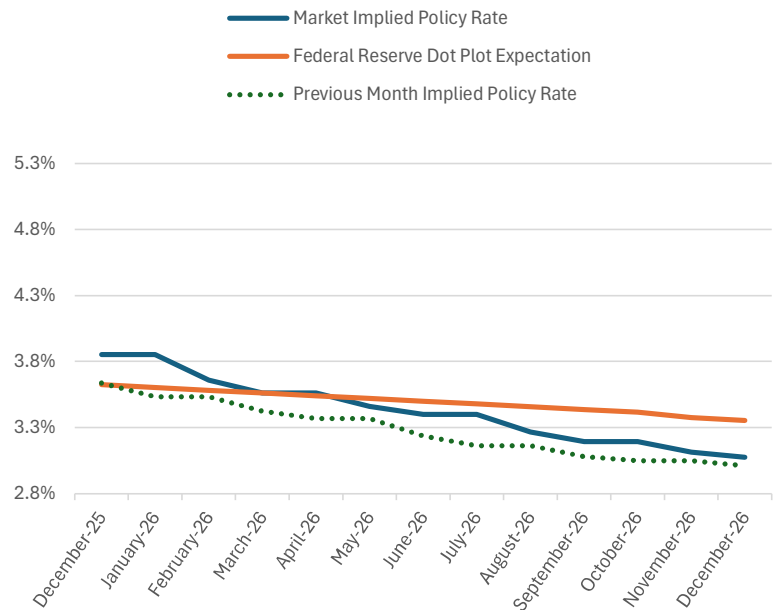
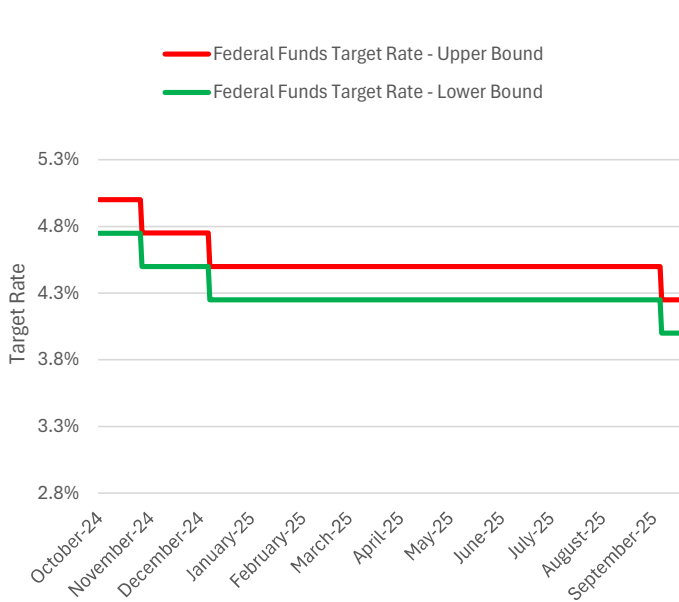
September Returns

Equity Index Returns



Source: Bloomberg LP, Calculations by ANB&T - Trust & Wealth Management

Market participants are forecasting the Fed policy rate to be lowered over the next twelve months, although that is far from a certainty. An important note is that market participants expect rates to be lower than the Fed's reported expectation for the next twelve months. The next Federal Reserve meeting to discuss monetary policy is scheduled for October 29th. The overall expectation is for the policy rate to be lowered by 78 basis points (actual estimate of -0.8%) to 3.08% by November 2026. The change in market participants' view of what the Federal Reserve should do can be understood in the context of the inflation data measured by Consumer Price Index ('CPI'), the Personal Consumption Expenditures ('PCE'), and expected unemployment.



Source: Bloomberg LP, Calculations by ANB&T - Trust & Wealth Management

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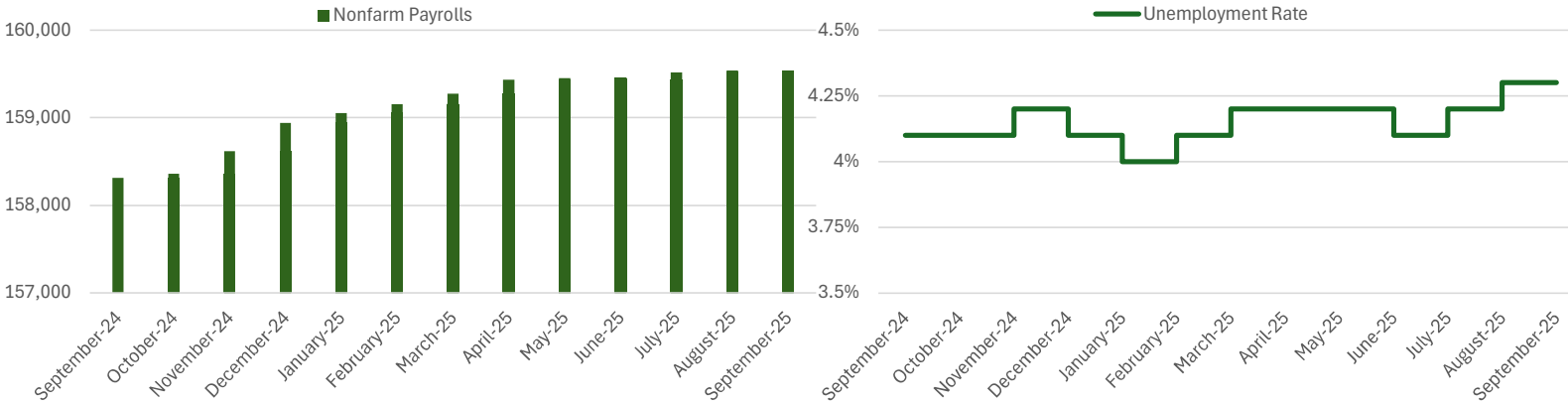
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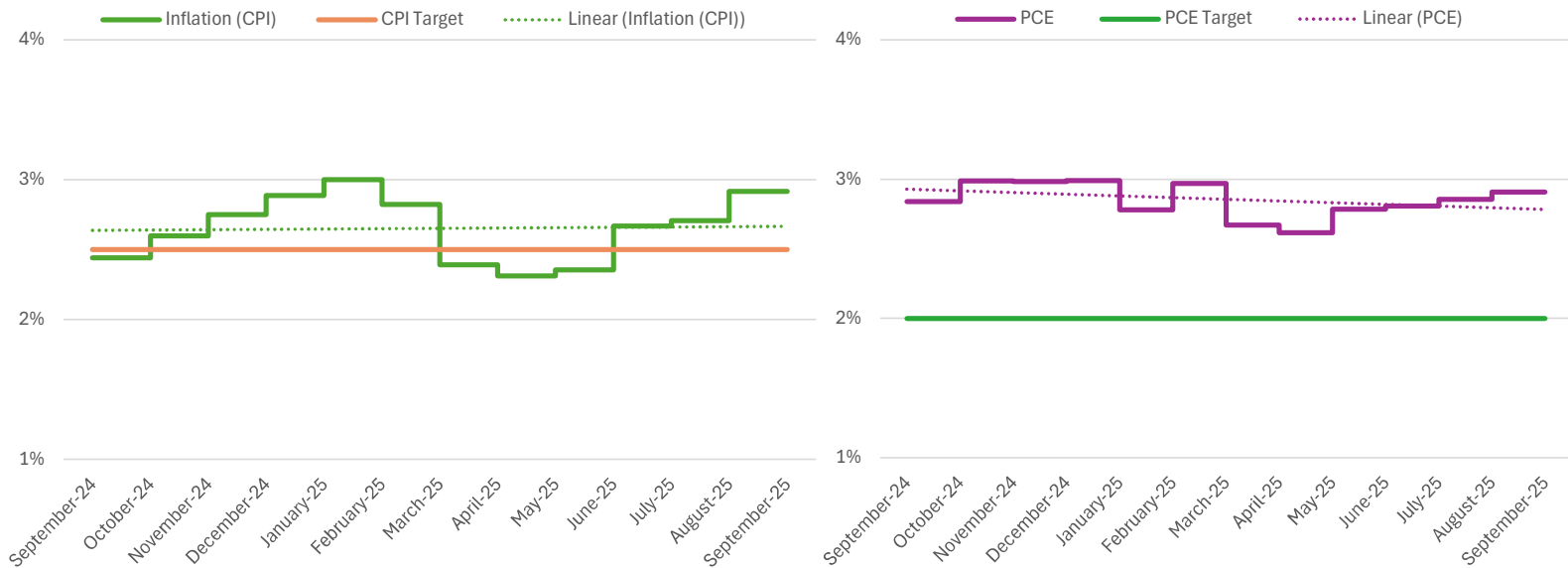
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Nonfarm payrolls continue to trend upward, which influences, in part, whether the Federal Reserve will continue lowering interest rates. In isolation, an upward trend in payrolls tends to influence the Federal Reserve to raise interest rates to manage growth. The chart below on the right shows the unemployment rate sitting at 4.30%, which is an increase from 4.10% one year ago. The data informs the perspective that growth has been strong with market expectations and sentiment indicating some macroeconomic weakness. This situation highlights the Federal Reserve's complex 'dual mandate' of achieving maximum employment and price stability. The continued upward trend in nonfarm payrolls points towards robust employment. However, if this strength is perceived as potentially inflationary, or if the rise in unemployment (despite payroll gains) signals a turning point that could lead to a sharper slowdown later, the Fed faces a delicate balancing act.



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As shown in the US CPI year-over-year chart on the left below, September saw the past year's upward trending inflation continue and, since July, an upward trend above the target ending at 2.92%. As the data shows, the inflation level above the Fed target of 2.5% gives market participants an idea that interest rates may rise in the future. We also include the year-over-year change in the PCE and note the increases in January before receding to the May lows. The Federal Reserve closely monitors inflation measured by the CPI and the PCE as part of their dual mandate of maximum employment and price stability. The progress on inflation has been welcomed as it reflects moderation in price increases, but comparing PCE to the target suggests that the current downtrend in inflation may stay above the Fed's target level as economic data adjustments are released.



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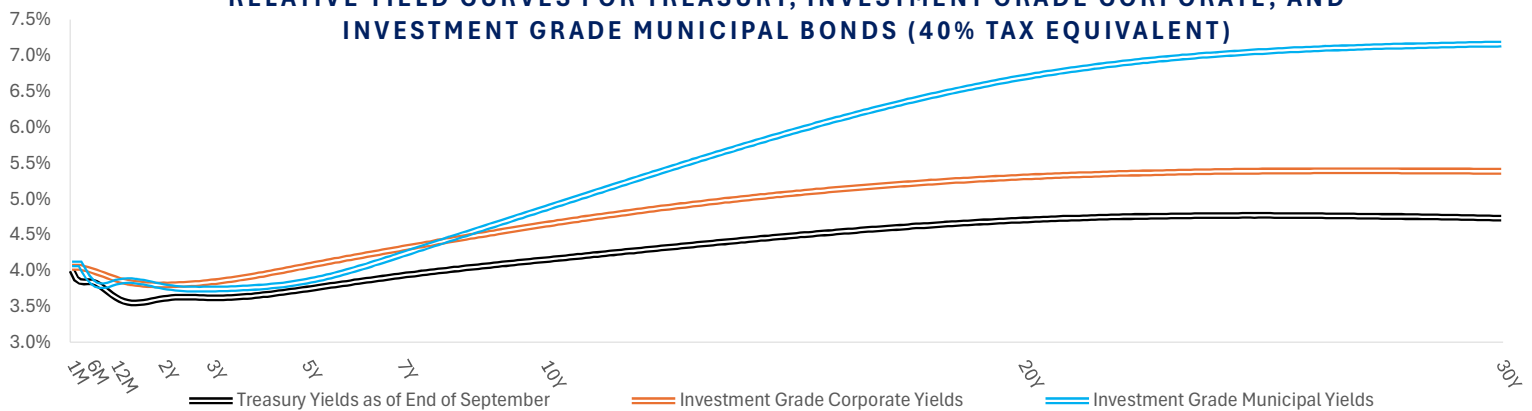
September's reported sales and earnings were broadly a positive surprise, with the Information Technology and Consumer Discretionary sectors being in-line. Of the 51 companies that reported in the Russell 1000 index for September, 32 had positive sales surprise and 40 had positive earnings surprise; we consider this positive surprise to be a tailwind for equity valuations for the next quarter. For the month, the overall sales and earnings surprise is positive at 1.08% and 5.08%, respectively, with companies being more resilient than consensus analyst estimates.

Our investment process blends active fixed income with dynamic long-only equity strategies. Our Legacy portfolio blends long-term growth and value on a discretionary basis, while our Dividend portfolio seeks lower volatility and higher current income. We also have Momentum and Quality strategies that are data-driven, factor tilt portfolios. The Momentum portfolio benefits from positive momentum while remaining well-diversified. The Quality portfolio blends low volatility with momentum to produce a portfolio of high quality equity income and positive momentum. For investment themes with more international exposure, our Benjamin Builder solutions complement the other equity strategies and offer an efficient method to invest broadly across geography, style, and sector using an institutional, active process.

Fixed income markets delivered another month of positive total returns in September, with both taxable and tax-free bonds gaining just over 1%. U.S. Treasury yields moved lower, as the 10-year Treasury declined 8 bps to 4.15%. The Treasury curve flattened, with the 2-year yield unchanged and longer maturities modestly lower. In the municipal market, the curve also flattened, with long-term rates falling more sharply than short-term yields. Volatility picked up slightly during the month, with the 10-year Treasury trading in a range of 4.02%–4.26%, while the 10-year AAA municipal yield ranged between 2.82%–3.19%. These moves supported higher market values across both taxable and tax-free sectors as rates drifted lower through September.

Looking ahead, periods of volatility can create opportunities to capture attractive yields, which remain compelling relative to recent history. While an inverted Treasury curve has historically signaled recession risk, strong consumer spending continues to support economic resilience. We continue to monitor traditional indicators but believe today's environment warrants a more nuanced interpretation. Our focus remains on positioning portfolios to enhance return potential while maintaining disciplined risk management.

RELATIVE YIELD CURVES FOR TREASURY, INVESTMENT GRADE CORPORATE, AND INVESTMENT GRADE MUNICIPAL BONDS (40% TAX EQUIVALENT)



Source: Bloomberg LP, Calculations by ANB&T - Trust & Wealth Management

With the end of September, the market is grappling with the impact of a looming U.S. government shutdown that can delay crucial economic data. Equity market performance has been driven by strong showings from tech giants like Nvidia and Oracle, despite recent pullbacks due to concerns over high valuations and the sustainability of the AI boom. These gains highlight the continued investor confidence in these companies, despite broader market volatility. Looking ahead, the market's focus will likely remain on macroeconomic indicators and policy decisions. The Federal Reserve's stance on interest rates, in light of recent inflation data and economic growth figures, will be crucial in shaping the market landscape. We continue to be cautiously optimistic heading into the last quarter. We evaluate the investment landscape based on how these factors influence policy and investor sentiment, and we adjust our strategy as market expectations change. We expect this market volatility to continue and are using the opportunity to add strong companies at reasonable valuations. In fixed-income markets, the policy shift from the Fed along with meaningful yields, reduce volatility in a diversified portfolio and add both current income and potential price appreciation. Similarly, safe-haven assets saw significant inflows, with gold surpassing \$3,820 per ounce with the trend expected to continue. At the same time, innovation in digital assets continues to mature, transforming the investment landscape. These factors lead us to blend value and growth investments across equities and seek relative value in fixed income and liquid alternatives that complement your financial goals and risk appetite. Thank you for continuing to trust us to manage your financial assets.

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