

# Monthly Investment Report

September 2025



U.S. equity markets rallied in August, supported by rate-cut expectations and strong Q2 corporate earnings. The S&P 500 rose +2.0%, the Dow Jones Industrial Average gained +3.4%, and the Nasdaq Composite Index climbed +1.6. Small-cap stocks led, with the S&P 600 advancing +7.1%, while mid-caps gained +3.4%. Sector performance was broadly positive: Materials (+5.8%) and Health Care (+5.4%) led, while Utilities lagged (-1.6%). Global equities also advanced, with Japan (+7.0%) and China (+4.9%) outperforming. Fixed-income benefited from lower yields, as the 10-year Treasury yield declined from 4.37% to 4.23%, lifting the Bloomberg U.S. Aggregate Bond Index (+1.2%). Commodities diverged, gold and base metals firmed while crude oil dropped -7.6% amid supply concerns. The U.S. dollar weakened (-1.7%), helping international returns. Economic data showed a rebound in manufacturing and services, unemployment steady at 4.2% with firm wage growth, and inflation remaining above target, keeping Fed policy restrictive. Housing data was mixed, with sales easing but starts improving.

## U.S. Markets

### U.S. equities advanced across the capitalization spectrum in August.

The S&P 500 gained +2.0%, the Dow Jones Industrial Average +3.4%, and the Nasdaq Composite +1.6%. Small caps led with +7.1% jump, while mid-caps gained +3.4%. The rally reflected a strong earnings season alongside heightened expectations for September FOMC rate cut. Sector performance was broadly positive, led by Materials (+5.8%) and HealthCare (+5.4%). Telecoms and Energy gained +3.6% each, while Utilities fell -1.6%. Earnings strength underpinned sentiment: of 489 S&P 500 companies reporting, nearly 68.9% beat revenue expectations and over 80.8% delivered positive EPS surprises. Information Technology posted the strongest earnings surprise rates, followed closely by Health Care, reinforcing investor conviction in these sectors.

### Global equities extended gains, supported by a weaker dollar.

MSCI World ex-U.S. climbed +4.4%. Europe advanced (ex-UK +3.4%; UK +3.7%), while Japan led globally (+7.0%), buoyed by prospects for easing U.S. tariffs and dollar weakness. MSCI-Pacific ex Japan added +3.9%, and China posted a robust +4.9% gain on policy support. MSCI Emerging markets were positive but lagged, advancing +1.3%.

**The Bloomberg U.S. Aggregate Bond Index rose +1.2% as Treasury yields declined on growing Fed easing bets.** The Bloomberg Global Aggregate ex-U.S. added +1.7%, and the Bloomberg U.S. High Yield Bond Index matched the Agg at +1.2%. Breakeven inflation rates rose

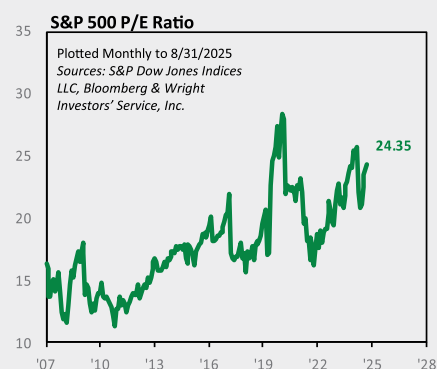
modestly (2-year +11 bps; 10-year +2 bps), reflecting expectations of stickier inflation even as headline data cooled. Commodities were mixed: metals gained (gold +5.9%, copper +3.8%), but oil fell -7.6% as OPEC+ supply increases met waning U.S. summer demand. Agricultural prices diverged, with corn up +1.0% and wheat down -1.0%. Real estate rebounded, with MSCI U.S. REITs up +4.4%. A -1.7% dollar decline reinforced global asset gains. Broad-based equity gains and lower yields lifted sentiment, but divergences in commodities and sector performance highlight fragile undercurrents.

## U.S. Economy

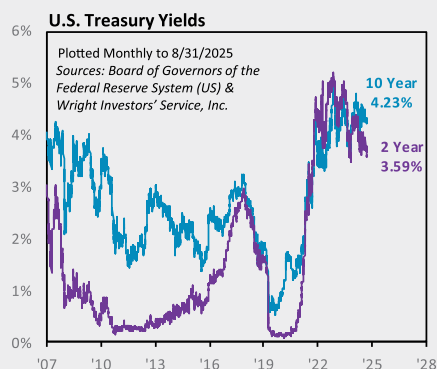
**The economy showed renewed momentum in August.** Services activity eased slightly but remained expansionary (S&P Global U.S. Services PMI 55.7 versus 55.4), with sales growth reaching an eight-month high. Manufacturing rebounded with PMI climbing to 53.3, its strongest reading since May 2022, supported by rising orders and improved sentiment, suggesting tariffs have not derailed production.

**Labor data reflected a mixed but resilient market.** Nonfarm payrolls grew +73,000, below forecasts, but improved from June's revised +14,000. The unemployment rate ticked up to 4.2% as labor force participation edged lower to 62.2%, while wages advanced +0.3% month-over-month and +3.9% year-over-year, underscoring persistent labor cost pressures.

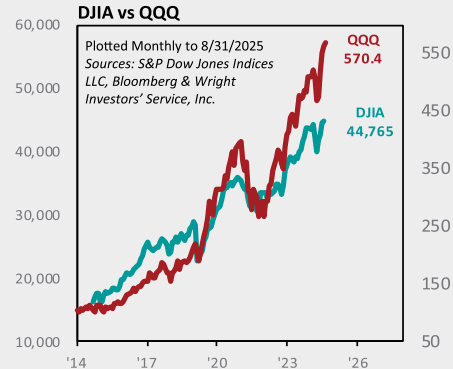
### P/Es Have Increased



### 2 Year & 10 Year Yields Both Fell



### US Equities Rallied



Total Investment Returns—8.31.2025

	August	Last 12 Mos.
Dow Jones Industrial Average	3.4%	11.4%
Nasdaq Composite	1.6%	22.0%
S&P 500	2.0%	15.9%
S&P MidCap 400	3.4%	6.9%
S&P SmallCap 600	7.1%	3.5%
MSCI World (\$)	2.6%	15.7%
MSCI World ex U.S. (\$)	4.4%	14.9%
Bloomberg U.S. Aggregate	1.2%	3.1%
90-Day Treasury Bills (Yield)	4.1%	5.1%
CPI ex-Food & Energy SA* (Jul 2025)	0.3%	3.0%

\*SA: Seasonally Adjusted  
Sources: Bloomberg LP & Wright Investors' Service, Inc.

**Inflation stayed above Fed's 2% target.** July headline PCE rose +2.6% year-over-year, while core PCE increased +2.9%. Tariff effects may have helped keep goods inflation elevated, though long-term inflation expectations remain anchored near 2%. The Federal Reserve signaled a cautious approach, keeping policy restrictive but leaving room for easing if disinflation emerges.

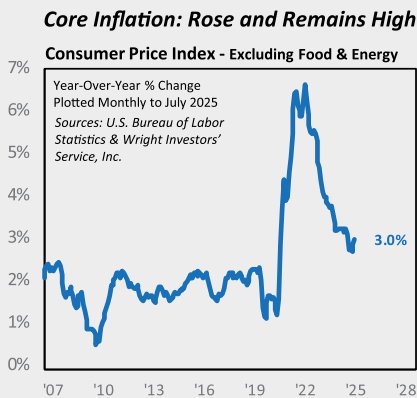
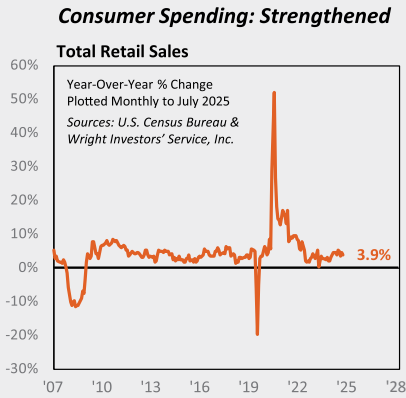
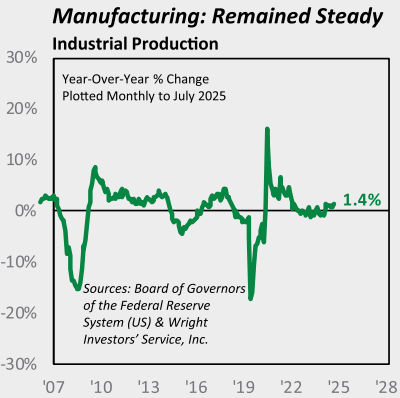
**Housing data highlighted affordability headwinds.** New home sales dipped -0.6% to 652,000 in July, while housing starts rose +5.2% to 1.43 million, reflecting builder resilience. However, building permits fell -2.2% in July, from 1,354,000 in June, hinting at softer supply ahead. Economic resilience underpins corporate earnings, but sticky wages and tariffs suggest Fed easing will remain measured.

Investment Outlook

**Markets enter September with constructive momentum but persistent policy and inflation risks.** Earnings resilience and small-cap leadership suggest confidence in domestic growth, yet valuations leave little room for policy missteps. Stronger manufacturing and

services activity point to a firmer near-term growth path, but wage pressures and tariffs keep inflation sticky, limiting Fed flexibility. In fixed income, moderating yields are restoring balance between income and duration risk, offering opportunities to re-extend duration selectively.

**Commodities remain bifurcated, with industrial metals supported by demand while oil faces OPEC+ supply headwinds.** Globally, Japan and China's equity strength highlights the role of currency and policy shifts, though trade frictions remain an overhang. Looking forward, investor positioning should emphasize quality U.S. large-caps, selective international exposure where policy supports growth, and a balanced fixed-income allocation to buffer volatility. The path of Fed policy and tariff impacts will be key factors for sentiment into year-end.



**Source:** Bloomberg Index Services Limited. "Bloomberg®", "Bloomberg Commodity Index" and the Bloomberg Bond Indices are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by Wright Investors' Service, Inc. Bloomberg is not affiliated with Wright Investors' Service, Inc. and Bloomberg does not approve, endorse, review, or recommend Wright Products. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to Wright Products.

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