

November 4, 2025

Index	Asset Class	2025		2024
		Oct.	YTD	
Equity Indexes		Total Returns		
NASDAQ 100	Mega Cap U.S. Growth Equity	4.8%	23.8%	25.9%
S&P 500	Large Cap U.S. Equity	2.3	17.5	25.0
S&P 400	Mid Cap U.S. Equity	(0.5)	5.3	13.9
S&P 600	Small Cap U.S. Equity	(0.9)	3.3	8.7
MSCI All Country World	Global Equity	2.3	21.5	18.0
MSCI All Country World (Ex U.S.)	International Equity	2.0	29.2	6.1
MSCI Europe, Asia & Far East (EAFE)	International Developed Market Equity	1.2	27.2	4.4
MSCI Emerging Markets (EM)	International Emerging Market Equity	4.2	33.6	8.1
Fixed Income Indexes				
Bloomberg U.S. Aggregate Bond	U.S. Investment Grade Bond	0.6	6.8	1.3
S&P National AMT-Free Municipal Bond	U.S. Investment Grade Muni Bond	1.1	3.4	1.3
S&P Municipal Bond High Yield	U.S. Muni Bonds (Below Investment Grade)	1.1	2.9	6.7
Bloomberg U.S. Corp. High Yield	U.S. Corp Bonds (Below Investment Grade)	0.2	7.4	8.2
Index Blends: Stock/Bond				
80%/20%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		1.9	18.5	14.5
60%/40%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		1.6	15.5	11.1
40%/60%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		1.3	12.6	7.7
20%/80%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		1.0	9.7	4.5
Data as of 10/31/2025. Source: Morningstar, and blended benchmark returns are based on monthly rebalancing.				

Please see important disclosures at end of this report.

Overview & Economy

“Not so fast, my friend!” College football fans will recognize this catchphrase made famous by recently retired legendary broadcaster Coach Lee Corso. With the college football season now in full and exciting chaos mode, we thought this catchphrase to be an appropriate tag for this **Market Recap**.

While markets have continued on a buoyant pace, the ongoing U.S. government shutdown is certainly causing some chaos – from interruptions of the calculation and release of periodic economic data, disruptions of air travel, delayed food stamp benefits (aka, SNAP) and, if not soon resolved, a second missed bi-weekly paycheck for about 1.4 million government workers.¹ Its unsettling to see the pictures of the long lines at food banks already.²

Not meant as forecasts, but simply observations, we offer three developing situations where conventional wisdom warrant, or may warrant, a “not so fast, my friend.”

- 1) Historically, investment markets have looked through previous government shutdowns as temporary events that do not pose a meaningful threat to economic conditions and trends. However, most shutdowns lasted just a couple of days, and even the three that lasted two-to-five weeks did include negotiations throughout seeking reconciliation. This one is different in that it’d duration just matched the longest, and no negotiations have yet occurred – suggesting it may end up being the longest by a wide margin. [For additional information on U.S. government shutdowns, past and present, see our **Monthly Market Recap** published Oct. 6, 2025.]

- 2) Last week, the Federal Open Market Committee cut the Fed Funds rate by ¼ point to a range of 3.75-4.0%. Ahead of that meeting, Treasury Futures denoted certainty for an additional rate cut at the next meeting in December. Such expectations were repelled by Fed Chair Powell in his post-meeting news conference, when he offered that “a further reduction in the policy rate at the December meeting is not a foregone conclusion. Far from it.”³
- 3) Scheduled to begin this week is the U.S. Supreme Court case challenging the legality of President Trump’s tariffs – specifically, Trump’s reliance on the 1977 International Emergency Economic Powers Act (IEEPA). The IEEPA provides the president broad authority to respond to threats to national security. Without satisfaction of a legitimate threat to national security, the U.S. Constitution explicitly grants Congress with the power to “lay and collect duties” and regulate foreign commerce. Respectful of the Court’s political leanings, nothing should be taken for granted in this case, particularly due to its implications for future administrations.⁴

Equity Markets

Global equity markets continued to exhibit a distinct mega tech leadership in October, with big tech driving the relative strength exhibited by the NASDAQ 100, and also by the MSCI Emerging Markets index. And, within this tech leadership, there has been an increasingly narrow AI-related focus. At the other end of the rankings, it is interesting that U.S. Small and Mid Caps not only continued to lag but these indexes actually declined last month. On a YTD basis all international indexes that we track remain well-ahead of the U.S. indexes, reflecting the YTD decline in the U.S. dollar.

Fixed Income Markets

All the bond indexes we track showed positive total returns in October, with municipals continuing to catch up versus taxable bonds. As we have previously written, in our view muni bonds came to discount excessive concerns regarding the potential impact of Federal funding cuts for states. We continue to expect muni’s to catch up some more over coming months.

Reference(s):

- 1) CBS News Article, “As they miss paychecks, furloughed federal workers are taking out bank loans to help pay the bills,” October 31, 2025 – [Link](#)
- 2) NPR Picture Show, “Photos: Food banks scramble...,” October 31, 2025 – [Link](#)
- 3) CNBC Article, “Fed cuts rates again, but Powell raises doubts about easing at next meeting,” Oct. 29, 2025 – [Link](#)
- 4) BBC Article, “Trump tariffs head to Supreme Court in case eagerly awaited around the world,” Nov. 3, 2025 – [Link](#)

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