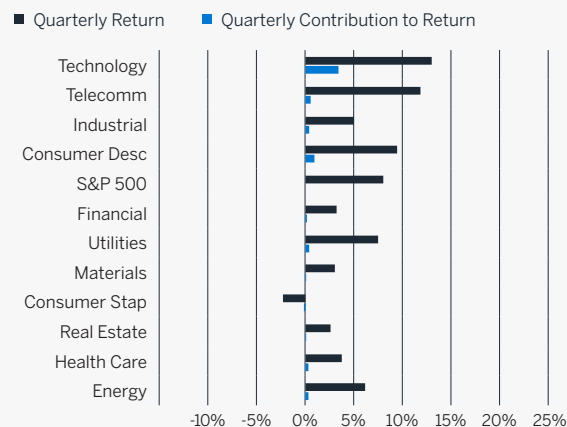


Q3 2025 MARKET RECAP

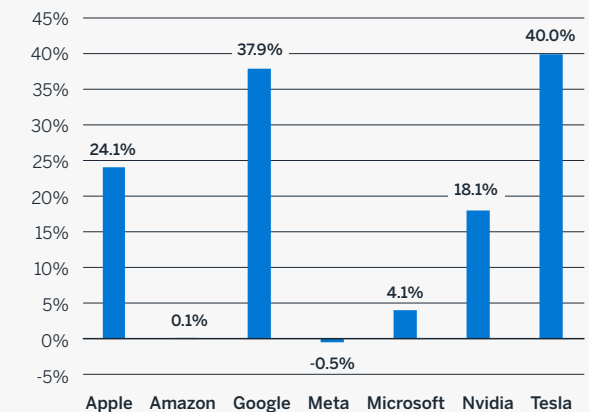
- U.S. equities extended their strong first-half performance into Q3 2025, with the S&P 500 advancing steadily and reaching another series of record highs. Despite ongoing tariff concern, market sentiment remained resilient as inflation data trended lower, Fed turned more dovish (cut rates by 25 bps), and corporate earnings continued to exceed expectations.
- After a robust first half, the “Magnificent 7” delivered another mixed but overall positive quarter in Q3. Tesla led the group with a 40% gain, followed closely by Google at +37.9%, while Nvidia rose 18.1%. Meta and Microsoft saw modest declines, reflecting profit-taking after strong earlier performance.
- The Technology sector once again led all sectors, rising sharply during the quarter and contributing the largest share to overall index returns. Telecommunication and Consumer Discretionary stocks also registered solid advances, supported by continued strength in digital advertising and stable consumer sentiment.
- Industrials and Financials participated in the rally as well, aided by improving business investment and credit conditions.
- Energy stocks rebounded in Q3, reversing some of their earlier weakness. A recovery in oil prices, combined with stable demand expectations and stronger refining margins, helped drive the sector to one of its best quarters of the year.
- Small- and mid-cap stocks showed diverging performance in Q3 2025. Small-caps participated more meaningfully in the market rally, benefiting from improving breadth and cyclical exposure, while mid-caps underperformed both large- and small-cap peers.
- In contrast to their growth counterparts, value stocks once again trailed, reflecting the ongoing market preference for secular growth and technology/AI exposure.

S&P 500 Q3 2025 Sector Returns and Contributions to Returns



Magnificent 7

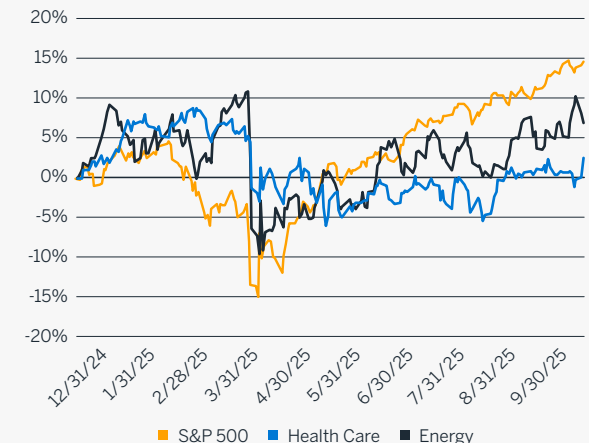
Q3 2025 Returns



Q3 2025 U.S. Equity Market Returns & Volatility



'25 YTD Cumulative Returns



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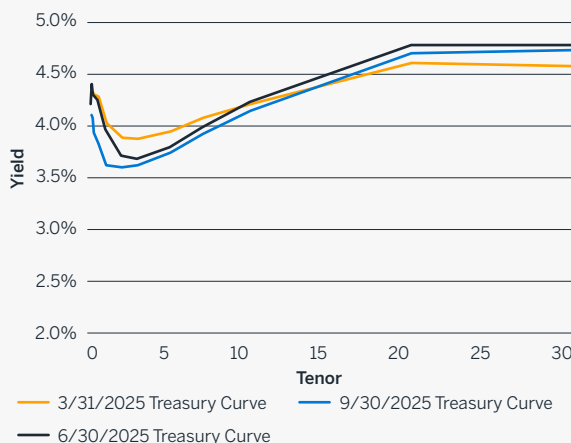


Milliman Financial Risk Management

CREATING TRANSFORMATIONAL IMPROVEMENT IN THE RETIREMENT SAVINGS INDUSTRY

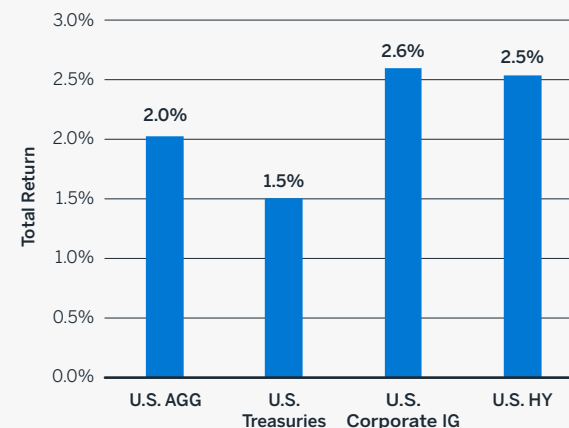
- U.S. Treasury yields displayed a muted performance in the third quarter of 2025, with focus shifting from the lingering tariff uncertainty in Q2 to concerns of a slowdown, monetary easing expectations, and overall worries of the fiscal outlook.
- Early in the quarter, yields remained in their elevated territory from Q2. However, going into September, yields gradually trended downward as signs of labor and consumption softening emerged and investors priced in a rate cut by the end of the quarter. The ten-year Treasury yield drifted from the 4.2-4.3% range to around 4.0-4.1%.
- Throughout the quarter, the yield curve steepened, though modestly compared to earlier in the year. Short-end yields were pushed lower due to rising rate-cut expectations and growth worries, meanwhile longer-dated yields held steady due to persistent concerns over the deficit long-term. As seen to the right, the 30-year yield remained in the 4.7-4.8% range.
- In credit markets, Q3 spreads in investment grade and high yield remained extremely tight in comparison to the past five years, trending down to 70-80bps and 250-300bps respectively.
- On the volatility front, the fading tariff rhetoric in Q3 meant that there were fewer clear opportunities for investors to enter in comparison to Q2. Instead, the focus was on macro data like growth, labor, and Fed policy signals. Due to this, we did not see spread widening like in the previous quarter.
- As for safe-haven assets, demand for gold was unprecedented as its price consistently surged to new record highs. Gold's upward trend was primarily due to geopolitical uncertainty, concerns over the U.S. fiscal strength, and expectations of Fed easing. The U.S. dollar showed weakness mid-quarter for these same reasons, alongside doubts of the Fed's independence.
- The traditional inverse relationship between gold prices and the yields has broken down in recent months. Gold continued to rally even as equity markets reached new highs — an atypical pattern suggesting that the move reflects not fear-driven demand, but a structural reallocation. Foreign central banks and sovereign funds appear to be diversifying reserves away from U.S. Treasuries toward gold, signaling a subtle shift in the perception of traditional safe-haven assets and the longer-term role of U.S. debt in global portfolios.

Treasury Yield Curves

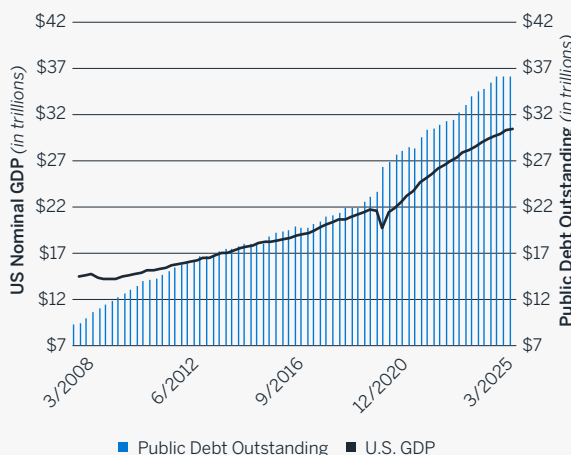


Fixed Income Sector Returns

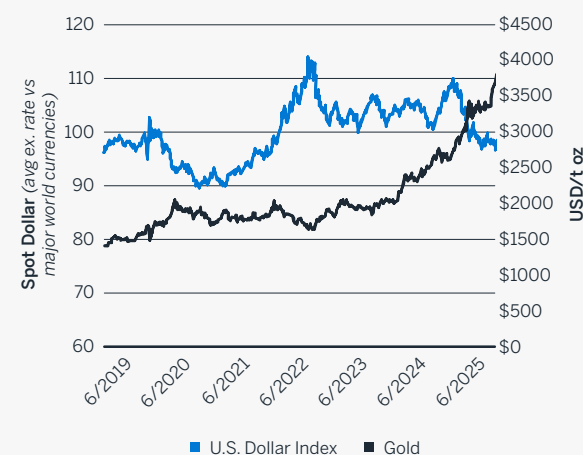
Q3 2025



Public Debt vs Nominal GDP



Spot Gold vs Spot Dollar



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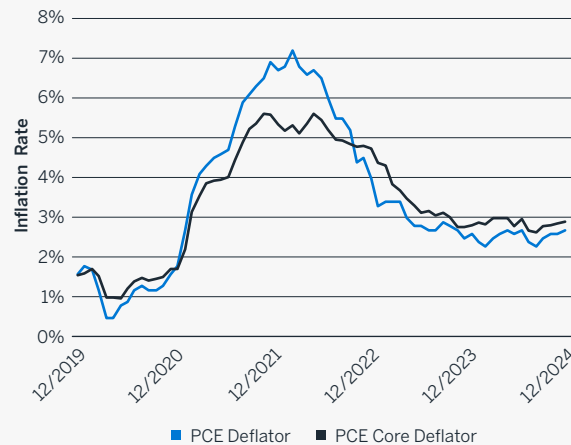
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OUTLOOK

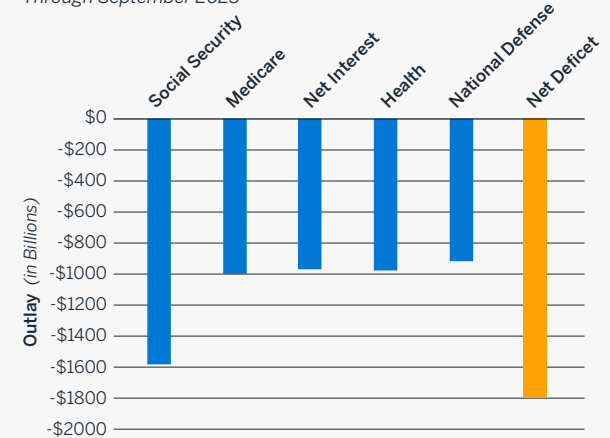
- As the economy moves into the final quarter of 2025, the U.S. remains at a delicate inflection point — balancing sticky core inflation with signs of slowdown in job growth. Recent data show that while inflation remains near the Fed's comfort range, core measures have edged slightly higher, underscoring that the disinflation process may be losing momentum.
- The continued rollout of the Big Beautiful Bill has supported infrastructure and energy-related activity but has also raised investor focus on the expanding federal deficit. Treasury data through September show the fiscal shortfall widening further as interest costs climb, renewing concerns about the sustainability of federal spending.
- With inflation moderating only gradually and a slightly weakening labor market, expectations for Fed policy have shifted. Markets now price in multiple rate cuts over the next year, with an initial rate cut of 25 bps enacted in September (1st time since December 2024) and two more anticipated before the end of the year.
- Lower rates, if realized, would continue to support equities — particularly rate-sensitive sectors such as technology, real estate, and consumer discretionary — while offering relief to interest-sensitive parts of the economy including housing and credit markets.
- However, the persistence of elevated real yields and deficit concerns could temper enthusiasm. The large volume of Treasury issuance required to fund the deficit may keep longer-term yields from falling meaningfully (further steepening of the yield curve), even as the Fed begins to ease policy.
- Meanwhile, money market fund balances remain near record highs, with total assets exceeding \$7.3 trillion. The high yield environment has kept large amounts of cash parked in short-term instruments. A series of rate cuts could prompt some of this sidelined liquidity to rotate into risk assets, potentially adding another tailwind to markets heading into 2026.

PCE Deflator Y/Y & PCE Core Deflator Y/Y

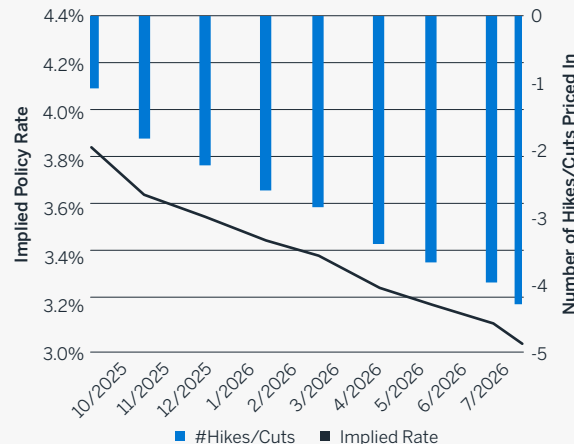


Treasury Outlays Through Fiscal Year 2025

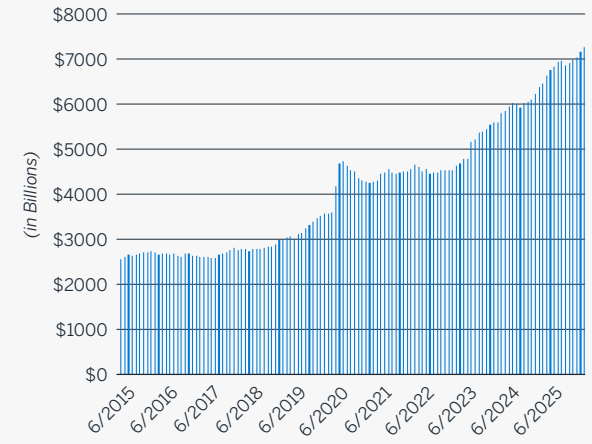
Through September 2025



Implied Fed Funds Rate & Number of Hikes/Cuts



Money Market Fund Assets



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