C&N
VANTAGE POINT
Quarterly Market Recap & Outlook | Third Quarter, 2025

Meet A Team Member

Tracy Rooke
Trust Officer

Originally from England, Tracy has called Pennsylvania home for nearly 19 years. One of her proudest achievements was becoming a U.S. citizen in June 2018.

Tracy joined the C&N Wealth Management Team in 2017, bringing with her 25 years of experience in wealth management. As a Trust Officer, she oversees account administration, customer support, estate administration, and relationship management. She enjoys managing various trusts, ensuring the wishes of trust grantors are fulfilled to provide financial security for them, their loved ones, and future generations as outlined in their trust documents.

Tracy also administers several foundations and scholarship funds, and looks forward to the annual selection process, where grants and scholarships are awarded to talented students and organizations within the community. Tracy finds that meeting these driven individuals is a highlight of her role.

Tracy lives in Port Allegany with her husband and their two Basset Hounds, Hei and Brooklyn. Her blended family includes four grown children and six grandchildren.

Key Equity Indexes - As of Quarter End	%YTD Return**	NTM P/E**	P/B**	Dividend Yield**
S&P 500	14.05	22.65	5.12	1.12
Russell 2000	10.23	24.83	1.97	1.22
Russell 1000 Growth	16.26	30.85	13.25	0.47
Russell 1000 Value	11.28	17.20	2.85	1.84
MSCI EAFE	24.32	15.13	1.97	2.72
MSCI EM	26.24	13.87	1.93	2.01

Sources: JP Morgan Weekly Market Recap; Northern Trust. Past performance does not guarantee future results, which may vary.
** As of 9/26/2025

Key Interest Rates	2025			
	12/27/24	3/28/25	6/27/25	9/26/25
2-yr Treasury Note	4.31	3.89	3.73	3.63
10-yr Treasury Note	4.62	4.27	4.29	4.2
30-yr Treasury Note	4.82	4.64	4.85	4.77
30-yr Fixed Mortgage	7.28	6.75	6.85	Not Available
Corp. Bond Index	5.37	5.17	5.06	4.85
High-Yield Bond Index	7.65	7.86	7.41	7.07

Sources: JP Morgan Weekly Market Recap & Oppenheimer Markets Review At-a-Glance
Past performance does not guarantee future results, which may vary.

2025 YTD Equity Style Performances**

	US Equity Style			MSCI World Style		
Equity Size	Value	Core	Growth	Value	Core	Growth
Large	11.63%	14.58%	17.23%	17.72%	17.80%	17.83%
Medium	9.49%	10.42%	12.84%	13.61%	15.40%	19.23%
Small	9.04%	10.38%	11.64%	16.14%	16.58%	17.06%

YTD U.S. Fixed Income Performances***

Bloomberg Benchmark	Return
Treasury Index	5.36%
Aggregate Index	6.13%
High Yield Bond Index	7.22%
Municipal Bond Index	2.64%

Source: Bloomberg. US Equity Style Returns are Russell Indices. Past performance does not guarantee future results, which may vary.
**As of 9/30/2025
***All returns represent total returns as of 9/30/2025

LABOR SLOWS, MARKETS RISE

No jobs, no problem? It was an atypical macro backdrop, as economic activity defied expectations for a slowdown despite clear signs of labor market deceleration. Following several upward revisions, U.S. second-quarter real GDP growth—initially reported in July—was finalized at 3.8% annualized, well above the original consensus estimate of 2.6% annualized. Third-quarter growth projections were revised higher, with some forecasts now anticipating another period of above-trend expansion. This underlying strength was fueled by robust capital investment and resilient consumer spending. However, U.S. job growth slowed to levels rarely observed outside of recessionary periods. A constrained labor supply helped prevent a sharp rise in the unemployment rate, but the moderation in employment was sufficient to prompt the Federal Reserve's first rate cut of 2025—marking the beginning of what markets expect to be an easing cycle through most of 2026. On the inflation front, tariff-related passthrough effects have remained manageable so far. This has allowed the Fed to shift its focus more squarely toward supporting growth, even as goods inflation continues to exert upward pressure on core inflation. Economic activity outside the U.S. also showed resilience. Key European business surveys improved, and Germany advanced plans for fiscal support. Most non-U.S. central banks continued easing policy, contributing to a more accommodative global stance. While risks remain, global recession fears stemming from weak trade dynamics eased as the initial tariff shock faded and major trade deals were announced.

Equities gain ground in the third quarter. Major asset class returns were largely positive, with outperformance in equities relative to fixed income. Fixed income returns were around 2% across both investment grade and high yield—helped by some tailwinds from both rates and credit. Treasury yields declined modestly while credit spreads tightened and remain near 2025 lows. Global equities posted an 8% gain with solid returns across each major region. U.S. equities added 8% with help from megacap tech strength and a supportive macroeconomic backdrop. Investor sentiment around the artificial intelligence (AI) narrative gained steam, with strong returns across the tech space and outsized (20%-plus) gains for some of the largest tech-related companies including Alphabet and Oracle. Outside of the tech space, U.S. equity returns were largely positive with gains across all sectors except consumer staples. U.S. small caps gained 12%. Other tenets of support for U.S. equities included a strong 2Q corporate earnings season, better-than-expected tariff resilience, and Fed policy easing. Emerging market equities gained 10% with help from tech exposure—particularly across China and broader Asia—plus some support from the materials sector. Non-U.S. developed markets added just under 6% in U.S. dollar terms. The U.S. dollar was mostly unchanged in 3Q but remains down close to 10% since the start of 2025. In the real assets space, natural resources outperformed global equities, helped by metals & mining as gold was up about 16%. Global listed infrastructure and global real estate each gained roughly 4% but lagged global equities overall.

THIRD QUARTER 2025 TOTAL RETURNS (%)

It was an attractive backdrop for financial markets as most major areas of the market gained during the quarter.

	FIXED INCOME						EQUITIES			REAL ASSETS		
	Cash	Muni	Inv. Grade	TIPS	High Yield	EM Debt	U.S.	Dev. Ex-U.S.	EM	NR	GRE	GLI
3Q	1.1	3.0	2.0	2.1	2.5	2.8	8.2	5.7	10.2	9.5	4.4	3.7
YTD	3.2	2.6	6.1	6.9	7.2	15.4	14.5	26.5	26.6	21.3	11.2	19.7

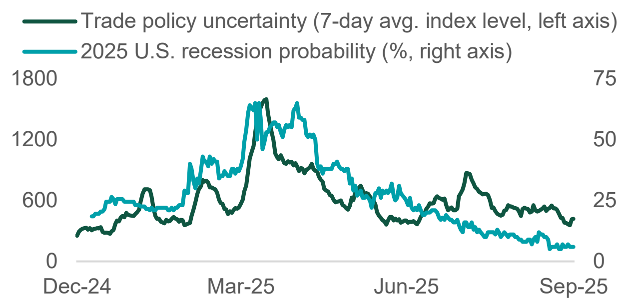
Source: Northern Trust Asset Management, Bloomberg. NR: Natural Resources; GRE: Global Real Estate; GLI: Global Listed Infrastructure. Indexes are gross of fees. Past performance is not indicative or a guarantee of future results. Index performance returns do not reflect any management fees, transaction costs or expenses. It is not possible to invest directly in any index.

KEY DEVELOPMENTS

U.S. Policy Measures in Focus

While broader policy uncertainty has dipped, U.S. policy measures across a number of facets remained top of mind for investors. The reconciliation bill was passed in early July, bringing tax relief and a raise in the debt ceiling limit. Trade tensions were dialed down with a few trade deals announced in July (European Union, Japan, etc.), though uncertainty remains around implementation. In addition, legal challenges to tariffs remain underway. Beyond that, the U.S. entered a government shutdown right at the end of the quarter.

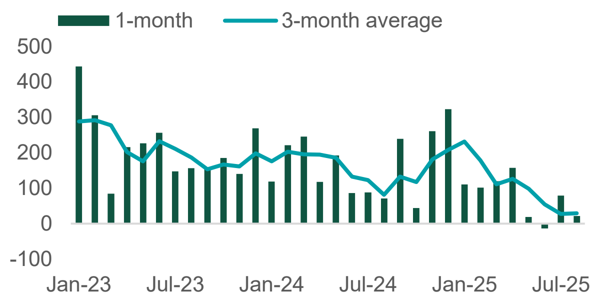
TRADE POLICY UNCERTAINTY & RECESSION RISK



U.S. Labor Market Slowdown

Cooling labor market demand became more evident in 3Q. With particularly large negative revisions in July jobs data, the three-month moving average of jobs added declined meaningfully. However, the slowing in payrolls growth comes at a time of constrained labor supply. Despite low hiring, layoffs have been limited and the unemployment rate remains below historical averages at 4.3%. Broader U.S. economic data held up well, with continued resilience across both consumer-related activity and survey-related measures.

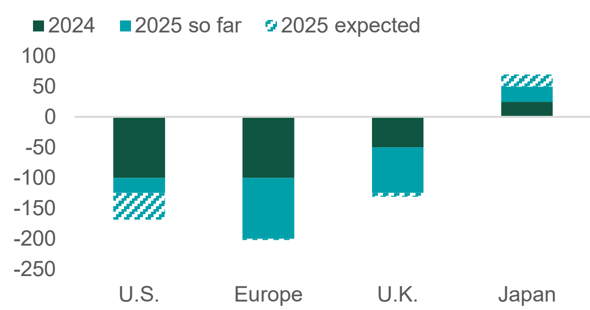
CHANGE IN NONFARM PAYROLLS (THOUSANDS)



The Fed Returns to Rate Cuts

With more emphasis on downside labor market risk versus upside risk to inflation, Fed Chair Powell opened the door to rate cuts in his August Jackson Hole speech. The Fed then cut rates by 25 basis points in September, and signaled the possibility of two more 2025 rate cuts in the economic projections. In addition, Fed independence has remained a steady background issue for investors with increasing pressures on the Fed from the Trump Administration, such as calling for rate cuts and for individual Fed governors to resign.

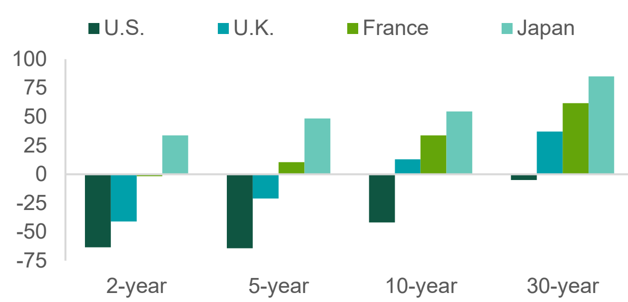
CENTRAL BANK POLICY RATE CHANGES (BPS)



Political Challenges Across the Globe

Japan and France saw their Prime Ministers step aside in September, while the U.K. faced a cabinet re-shuffle and budget challenges. While each country has unique circumstances to some extent, common themes across all three include elevated debt levels, rising long-term yields, and challenges in approaching some degree of fiscal consolidation with slim governing mandates. Long-end yields have continued to rise with 30-year government bond yields near multi-year highs across a few key developed market countries.

YTD CHANGE IN GOVERNMENT BOND YIELDS (BPS)



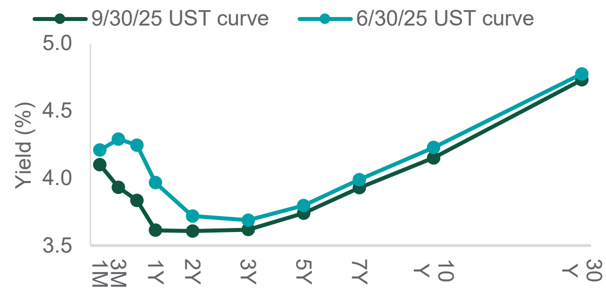
Source: Northern Trust Asset Management, Bloomberg, Matteo Iacoviello, Polymarket, U.S. Bureau of Labor Statistics. Data as of 9/30/2025. Note: bps = basis points. Past performance is not indicative or a guarantee of future results. Index performance returns do not reflect any management fees, transaction costs or expenses. It is not possible to invest directly in any index.

MARKET REVIEW

Interest Rates

Treasury yields drifted lower, with the 2-year down 11 bps to 3.61% and the 10-year falling 8 bps to 4.15%—both near the bottom of their year-to-date trading range. After roughly a year-long pause, the Fed cut its policy rate in what Chair Powell called a “risk management” move, prompted by a shift in the outlook amid soft labor data. The resulting bull steepening in the curve directionally aligns with average historical patterns preceding Fed cuts. With 30-year yields slightly lower, the 5- to 30-year spread is near its widest since 2021.

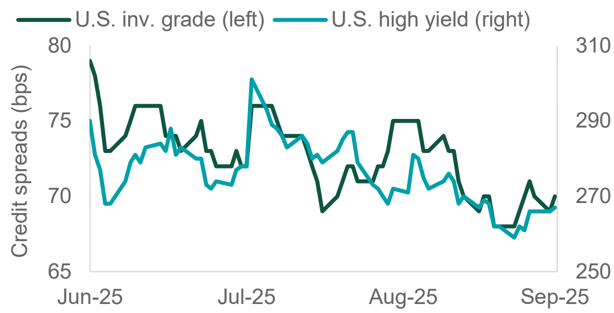
U.S. TREASURY YIELD CURVE



Credit Markets

Investment grade (IG) spreads tightened 9 bps to 0.70%, while high yield (HY) spreads narrowed 23 bps to 2.67%. From a return perspective, IG fixed income gained 2.0%, supported by lower rates, while high yield outperformed with a 2.5% return. All-in yields continued to fall, now around 4.5% for IG and 6.7% for HY. Lower-rated credits generally saw the most spread tightening, including over 70 bps in CCC-rated corporates. Credit spreads briefly widened following weak July jobs data but later reversed amid rising expectations for rate cuts.

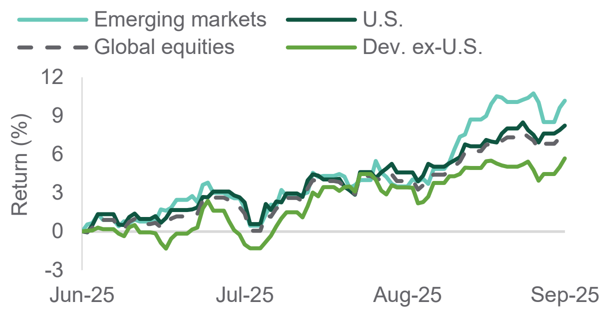
CREDIT SPREADS



Equities

Global equities rose 7.7% to new all-time highs, led by emerging and U.S. markets. Softer U.S. labor data was offset by more confidence in monetary policy support amid an otherwise surprisingly positive growth backdrop. This boosted U.S. small-cap stocks and broader U.S. returns, with fairly balanced contributions from valuations and earnings. Tech-related sectors remained the most bid. Dollar versus local currency returns for major non-U.S. indices were more aligned than in prior quarters as the U.S. dollar stabilized.

REGIONAL EQUITY INDICES



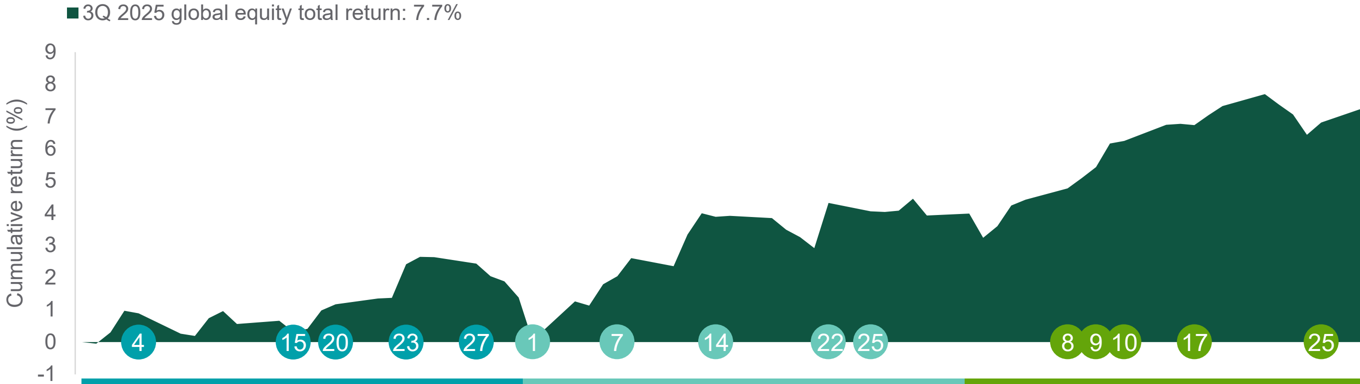
Real Assets

Real assets delivered positive returns, although Natural Resources was the only segment to outperform broader global equities. Despite a strong year-to-date gain of 20%, Global Listed Infrastructure (GLI) lagged in the latest quarter, ending with a 3.7% return. Global Real Estate posted a 4.4% gain, placing it between GLI and global equities. Natural Resources delivered a standout performance with a 9.5% gain, defying a backdrop of declining energy prices. The strength was driven primarily by precious metals, with Gold surging 16%.

REAL ASSET INDICES

Source: Bloomberg. Returns in U.S. dollars. Indexes are gross of fees. Past performance is not indicative or a guarantee of future results. Index performance returns do not reflect any management fees, transaction costs or expenses. It is not possible to invest directly in any index.

MARKET EVENTS



JULY	AUGUST	SEPTEMBER
4 The One Big Beautiful Bill Act (OBBBA) is signed into law.	1 July jobs report weaker than expected with substantial negative revisions over the last two months.	8 France Prime Minister Bayrou loses confidence vote; Japan Prime Minister Ishiba announces he will step down a day prior.
15 U.S. Core Consumer Price Index (CPI) inflation data somewhat cooler than expected.	7 The Bank of England cuts rates by 25 basis points (bps) to 4.00% in a decision that requires two rounds of voting.	9 About 20 Russian drones enter Poland's airspace, leading Poland to invoke NATO Article 4.
20 Japan's LDP (Liberal Democratic Party) and allies lose majority in Upper House elections, leaving them without a majority in both the Lower House and the Upper House.	14 U.S. Producer Price Index (PPI) inflation data noticeably above consensus xpectations.	10 Oracle (ORCL) gains over 35% following a substantial upside s
23 The U.S. and Japan announce a trade deal with a 15% headline tariff rate and Japan set to invest $550B in the U.S.	22 Fed Chair Powell leaves door open to near-term rate cuts at Jackson Hole speech.	17 The Fed cuts rates by 25 bps to 4.00-4.25% with one dissent; the Summary of Economic Projections shows two additional rate cuts in 2025.
27 The U.S. and European Union (EU) agree to trade deal with 15% headline tariff rate and $600B of EU investment in the U.S.	25 President Trump announces he will dismiss Fed Governor Lisa Cook for alleged mortgage-related misconduct.	25 Third reading of 2Q gross domestic product (GDP) growth revised up, with strength in consumer-related components.

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Indexes used: Bloomberg (BBG) 1-3 Month UST (Cash); BBG Municipal (Muni); BBG Aggregate (Inv. Grade); BBG TIPS (TIPS); BBG High Yield 2% Capped (High Yield); JP Morgan GBI-EM Global Diversified (Em. Markets Fixed Income); MSCI U.S. Equities IMI (U.S. Equities); MSCI World ex-U.S. IMI (Dev. ex-U.S. Equities); MSCI Emerging Market Equities IMI (Em. Markets Equities); S&P Global Natural Resources (Natural Resources); MSCI ACWI IMI Core Real Estate (Global Real Estate); S&P Global Infrastructure (Global Listed Infrastructure).

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MARKETS ON THE FRONT FOOT: ARE EXPECTATIONS OUTPACING REALITY?

The U.S. Federal Reserve's recent pivot marks a turning point in monetary policy. For much of the past year, rate-setters have been fixated on the twin threats of persistent inflation and the risk of overshooting with policy tightening. But fundamental weakness in the U.S. labor market has now tipped the balance of risk for the Fed's dual mandate—maximum employment and stable prices—towards the former. Rate cuts, once a distant hope for dovish investors, are now firmly back on the agenda as the Fed attempts to move policy closer to what it believes to be "neutral."

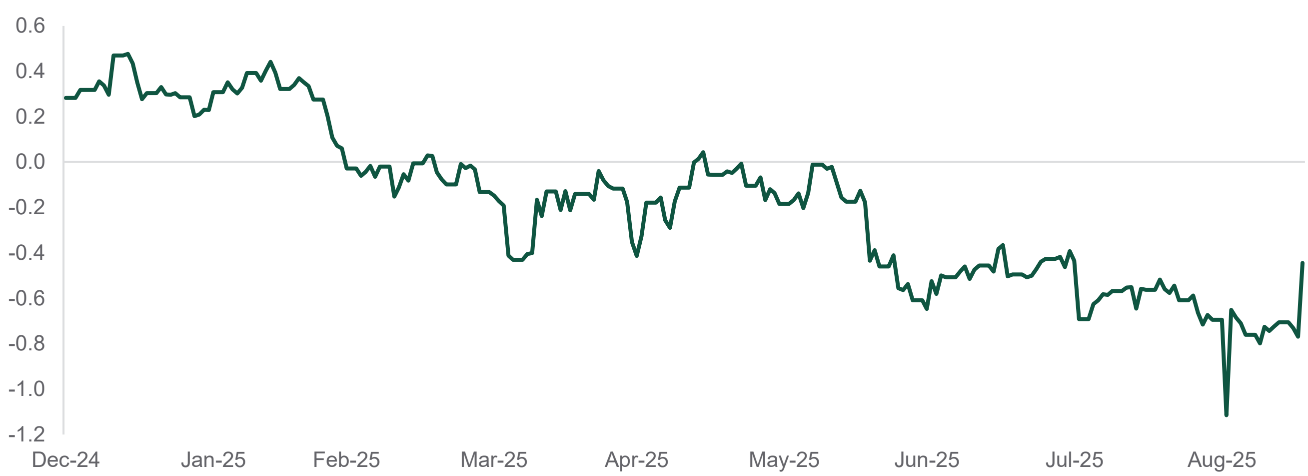
Chair Powell, ever keen to avoid binding commitments, made clear that the path ahead is not set in stone. The door remains ajar for further cuts, to be debated meeting by meeting, with each data release a potential inflection point. This measured ambiguity is by design: the Fed wishes to remain nimble, but the practical effect will be to keep markets perpetually attuned to the cadence of economic signals, with traders scrutinizing every jobs print and inflation gauge for clues.

Consumers, meanwhile, have proven resilient—except the lowest income cohort, who continue to feel the pinch. Higher tariffs pose a challenge to growth, yet robust spending elsewhere suggests the economy can weather these headwinds through the remainder of the year.

Looking ahead to 2026, a divergence appears between the bond market's outlook and the Federal Open Market Committee's own projections. Investors are bracing for a more aggressive easing cycle, with several more rate cuts expected through the middle of next year. In contrast, FOMC staff forecasts point to a slower normalization of policy. This gap in expectations will be a key battleground for market sentiment, with implications for asset prices across the spectrum. For now, uncertainty reigns—and vigilance is the order of the day.

DIVERGENT EXPECTATIONS

DIFFERENCE IN EXPECTED YEAR-END 2026 FED FUNDS POLICY RATE: MARKET VERSUS THE FOMC MEDIAN PROJECTION (%)



Source: Northern Trust Asset Management, Bloomberg. Data from 12/31/2024 through 9/17/2025. Most recent Federal Open Market Committee (FOMC) projection was released on 9/17/2025. Historical trends are not predictive of future results.

C&N PORTFOLIO POSITIONING:

NEUTRAL EQUITIES

C&N Vantage Point
October 2025

Market Views:
U.S. Equities Fairly Valued But Continued Momentum Likely.
Fed Likely To Cut Rates.
Remain Diversified. Lower Fed Rates May Cause Market Broadening.

Market Risks:
Fed Does Not Cut Rates. Surprises Markets.
Earnings Decline And Price Multiples Contract Accordingly.
Stagflation. (Slow Growth. High Inflation.)

Risk Type	Asset Class	Sector Category	Under Weight	Neutral	Over Weight	Viewpoints
	Cash/Cash Alternatives	**Ultrashort Bonds**			●	Maintain slight overweight. This is a source of funds for rebalancing in the event of a larger equity market downturn.
Risk Control	Alternatives (Fixed Based)	**Absolute Return**	●			This is a bond alternative category. Given current yields, we believe core fixed income provides better risk/reward, especially in a risk-off market. We retain our underweight.
Risk Control	Alternatives (Fixed Based)	**Inflation-Linked Bonds**		●		Maintain neutral believing nominal treasuries offer better risk/reward with inflation expectations leveling out post-tariff announcements.
Risk Control	Fixed Income	**US Investment Grade Bonds**			●	Yields provide respectable entry points. A risk-off environment will favor investment grade and we favor nominal treasuries over TIPS.
Risk Control	Fixed Income	**International Bonds**	●			U.S. yields remain more competitive than most foreign developed markets. We stay underweight international bonds, but maintain our allocation towards unhedged bonds due to dollar weakness.
Risk Control	Fixed Income	**Emerging Markets Bonds**		●		We maintain our neutral position given the unknown impacts of potential tariff wars, and knowing which countries or regions will be affected, if at all.
Risk Assets	Fixed Income	**High Yield Bonds**		●		Spreads remain tight based on historical norms. With a slowing economy expected, and a changing U.S. fiscal policy, we maintain our neutral positioning.
Risk Assets	Equities	**US Large Cap**			●	We maintain a slight overweight to this category and continue to favor the quality factor offered in US Large Caps. We believe the secular bull market is still in place and look to add at times of weakness.
Risk Assets	Equities	**Developed Ex-US**	●			We retain a slight underweight, but within it, we maintain a slight overweight to foreign large growth to keep the portfolio's growth exposure.
Risk Assets	Equities	**US Mid & Small Cap**		●		The potential for a slowing U.S. economy and unknown tarriff impacts has us maintaining our neutral allocatin to Mid Caps. Small Cap remains at neutral with a tilt towards value.
Risk Assets	Equities	**Emerging Markets**	●			Tariff uncertainty has us maintaining an underweight to this category, as we prefer developed international equities who tend to have a more diversified revenue sources.
Risk Assets	Alternatives (Equity Based) & Real Assets	**Real Estate**		●		REITs show signs of bottoming. A Fed that lowers rates and becomes more Administration friendly in 2026 may bode well for this asset class. We maintain neutral position but may increase.
Risk Assets	Alternatives (Equity Based) & Real Assets	**Commodities/Natural Resources**		●		We retain our neutral stance favoring foreign large value and U.S. large growth as a better blended approach to inflation tempering and an economy showing signs of cooling.

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QUARTERLY MARKET RECAP & OUTLOOK THIRD QUARTER, 2025

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