

What's on Our Minds

MARKET HIGHLIGHTS

- September nonfarm payrolls rose just 29,000**, well below the 90,000 estimate, with prior months revised down 60,000. Unemployment rose to 4.2%, while wage growth slowed to 3.0% year over year.
- Core Personal Consumption Expenditures prices rose 0.2% in August**, below estimates, with year-over-year inflation at 3.0%. Combined with the soft jobs report, odds of an October rate hike fell to 22% from 70%.
- Federal Reserve Vice Chair Philip Jefferson and New York Federal Reserve President John Williams struck dovish tones** in separate speeches, with Williams citing no urgency to hike rates further.
- Second-quarter gross domestic product growth was revised sharply higher to 2.2% from 1.5%**, driven by stronger consumer and business spending.
- Oil prices declined on improved Strait of Hormuz traffic** and a G7 pledge to release strategic diesel reserves, following a White House export-ban threat.

MARKET PERFORMANCE

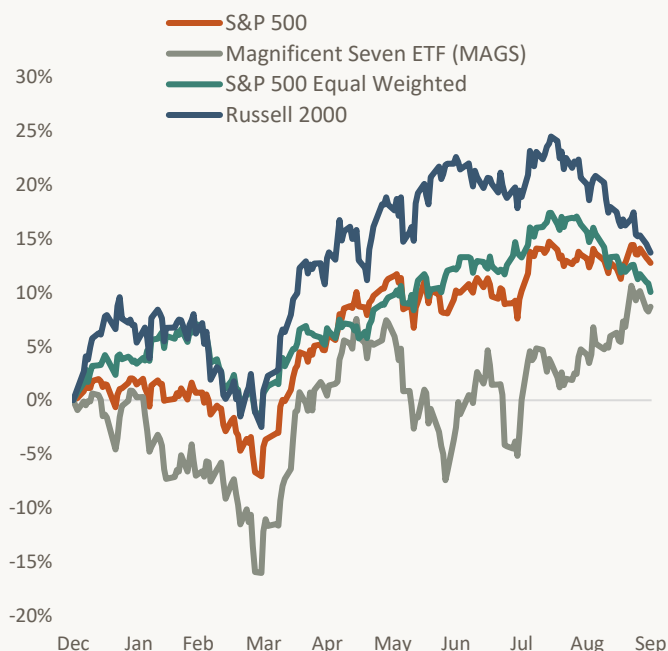
ASSET CLASS	1-WEEK	YTD
U.S. Aggregate Bond (Agg)	-0.60%	-2.86%
Municipal Bonds 1-10Y	0.52%	-2.27%
U.S. High Yield	-0.64%	0.05%
S&P 500	-0.25%	13.81%
Russell 2500 (SMID cap)	-0.02%	16.60%
MSCI EAFE (International)	-1.51%	9.27%
MSCI Emerging Markets	-1.23%	23.68%
MSCI ACWI (Global)	-0.66%	13.55%
Crude Oil (NYMEX WTI)	-8.32%	59.10%
Gold LBMA PM	1.10%	-4.07%
60/40 ACWI/Agg Portfolio	-0.63%	6.99%

WHAT CAUGHT OUR EYES THIS WEEK

A Memorable September

At -0.35%, the S&P 500 was roughly flat in September. That wouldn't typically be a monthly return to celebrate, but it still felt like an achievement given everything the markets absorbed during the month. As the conflict in Iran evolved, oil prices marched toward \$100 per barrel before backing down into the \$90 range. Diesel prices rose above \$6 per gallon nationally, an all-time high. The Federal Reserve delivered its first rate hike in years and signaled that more may follow. Long-end US Treasury yields finally broke out of their three-year range, with 10- and 30-year rates reaching multidecade highs. Yet the S&P 500 stayed flat, largely thanks to resurgent leadership from the Magnificent Seven and the broader AI trade, which had floundered for much of the year. Beneath the surface, breadth deteriorated meaningfully, with the "average" stock in the S&P 500 and Russell 2000 small-cap index both down about 5%. Looking ahead, we'd be remiss not to note that seasonality tends to favor fourth-quarter returns, particularly after midterm elections.

Year-to-Date Performance



Please see important disclosures and other key information on page 4.

What's on Our Minds

OUR KEY THEMES FOR 2026 (updated as of September)

- 1) Monetary policy moves to neutral or slightly restrictive, fiscal policy moves to neutral or slightly positive, and the AI infrastructure buildout remains a key structural tailwind.
- 2) OBBBA corporate tax changes are spurring a reacceleration in non-AI business investment.
- 3) Global growth on net remains positive as trend-or-better US growth offsets supply shocks overseas.
- 4) Broader economic activity lifts employment, while labor force growth remains sluggish.
- 5) Inflation remains above the Fed target, but progress should resume when the current supply shock fades.
- 6) We see a handful of rate hikes at the most, not another full-scale hiking cycle.
- 7) We see stability or slight upward pressure for long-term rates based on strong economic activity.
- 8) We believe it's hard to fight strong fundamentals for equity markets, with double-digit profit growth balancing high earnings multiples.
- 9) Better earnings breadth was delayed, not canceled.
- 10) International stocks still offer diversification benefits and an impressive fundamental outlook considering geopolitical headwinds.

IN CASE YOU MISSED IT

INSIGHTS

[Video: October 2026 Economic and Market Outlook](#)

[How OCIOs Support Nonprofits Beyond the Endowment](#)

[A Primer for New Investment Committee Members](#)

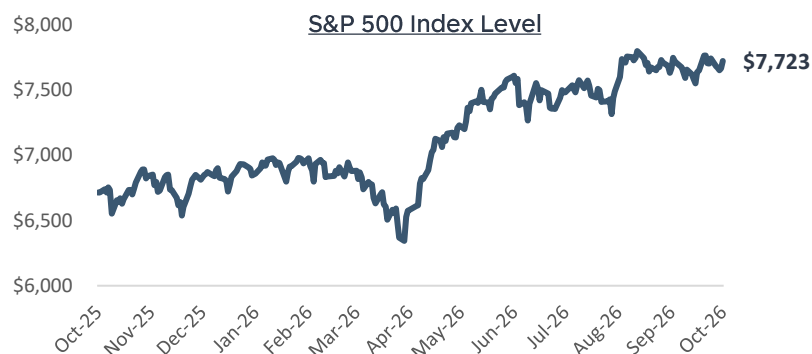
ARCHIVE

[Historical Economic and Market Outlooks Insights](#)

WEBINARS

[Recording: Q3 2026 Market & Economic Outlook](#)

EQUITIES

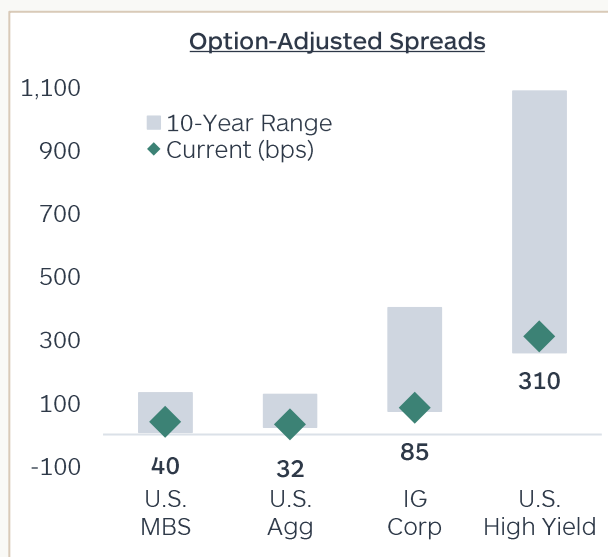


S&P 500 SECTOR	1-WEEK	YTD
Information Technology	1.4%	30.7%
Energy	1.4%	43.3%
Utilities	0.7%	-4.7%
Consumer Discretionary	-0.2%	-4.7%
Industrials	-0.3%	10.5%
Materials	-1.5%	9.5%
Comm. Services	-1.6%	4.1%
Real Estate	-1.7%	5.0%
Consumer Staples	-1.8%	5.9%
Financials	-2.5%	-1.1%
Health Care	-2.7%	8.7%

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FIXED INCOME

KEY INTEREST RATES	10/2/2026	Δ YTD
Effective Federal Funds Rate	3.88%	0.24%
3M T-Bill	4.10%	0.46%
Municipal Bonds 1-10Y	4.15%	1.18%
10Y Treasury Yield	5.28%	1.11%
U.S. Aggregate	5.56%	1.24%
Prime Rate	7.00%	0.25%
30Y Mortgage Rate	7.30%	1.04%
U.S. High Yield	8.44%	1.37%



COMMODITIES, CURRENCIES, CRYPTO

Asset Class	10/2/2026
Crude Oil	\$91.10
Gold	\$4,190.05
U.S. Dollar Index	\$101.93
Bitcoin	\$84,590.00

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THE WEEK AHEAD

Oct. 5 (Mon.)	Oct. 6 (Tue.)	Oct. 7 (Wed.)	Oct. 8 (Thu.)	Oct. 9 (Fri.)	Coming Up
Sep. ISM Services PMI	Sep. Consumer Confidence	FOMC Minutes	Weekly Initial Claims	Oct. Michigan Sentiment	Sep. CPI (10/14)
	Aug. JOLTS Job Openings				Sep. PPI (10/14)
	Jul. FHFA Home Price Index				FOMC (10/28)

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ABBREVIATIONS: Agg: Aggregate. EM: Emerging Markets. SOFR: Secured Overnight Financing Rate. MBS: Mortgage-backed securities. IG: Investment Grade.

CHART OF THE WEEK: Cerity Partners, YCharts, 1/1/2026–9/30/2026

MARKET PERFORMANCE: All returns represent total return for the stated period. 1-Week and Year-to-Date (YTD) returns are as of 10/2/26. Underlying indices are in descending order: Bloomberg US Aggregate provided by Bloomberg Capital; Bloomberg Municipal Bond 10 Yr provided by Bloomberg Capital; ICE BofA US High Yield Index provided by Bloomberg Capital; S&P 500; provided by: Standard & Poor's. Index; Russell 2500; provided by: Russell Investments; MSCI Europe, Australasia, and the Far East (EAFE) provided by MSCI net official pricing; MSCI EM provided by MSCI net official pricing; MSCI All Country World Index (ACWI) provided by MSCI net official pricing; Crude Oil (WTI) provided by CME; LBMA Gold Price PM provided by FactSet. The 60/40 ACWI/Agg Portfolio (60% ACWI / 40% AGG) is not a recommendation and is provided for reference purposes only.

EQUITIES: Top Left-hand Chart, S&P 500 Index Level as of 10/2/26 and provided by Standard & Poor's. Bottom Left-hand Chart, Forward Price to Earnings Ratios refers to the price-to-earnings ratio for the forward 12 months, which is a valuation measure applied to respective broad equity indices as of 10/2/26. Large Cap data is proxied with the S&P 500 and provided by FactSet. SMID data is proxied by the Russell 2500 and provided by FactSet. Developed International data is proxied with the MSCI EAFE and provided by FactSet. Emerging Markets data is proxied by the MSCI EM and provided by FactSet. S&P 500 Sector performance table, Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends. 1-Week and Year-to-Date (YTD) returns are as of 10/2/26.

FIXED INCOME: Top Table, Effective Federal Funds Rate provided by FactSet. Composite Municipal Bond Yield provided by FactSet. Bloomberg US Aggregate provided by FactSet. 3-Month Treasury Bill rate provided by FactSet. 10-Year Treasury Yield provided by FactSet. 30-Year Mortgage Rate provided by FactSet. ICE BofA US High Yield Index provided by FactSet. Prime Rate provided by FactSet. Bottom Table, Option Adjusted Spreads as of 10/2/26. Bloomberg US Aggregate Securitized – MBS, Bloomberg US Aggregate, ICE BofA US Corporate, ICE BofA US High Yield data provided by Bloomberg Capital.

COMMODITIES, CURRENCIES, CRYPTO: WTI NYMEX Crude Oil provided by FactSet. Gold is proxied with the LBMA Gold PM and provided by FactSet. Bitcoin is proxied by the Bitcoin (CME) Continuous index and provided by FactSet. U.S Dollar prices are proxied with the U.S. Dollar Index and provided by FactSet.

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