

Five in Five

October 2025

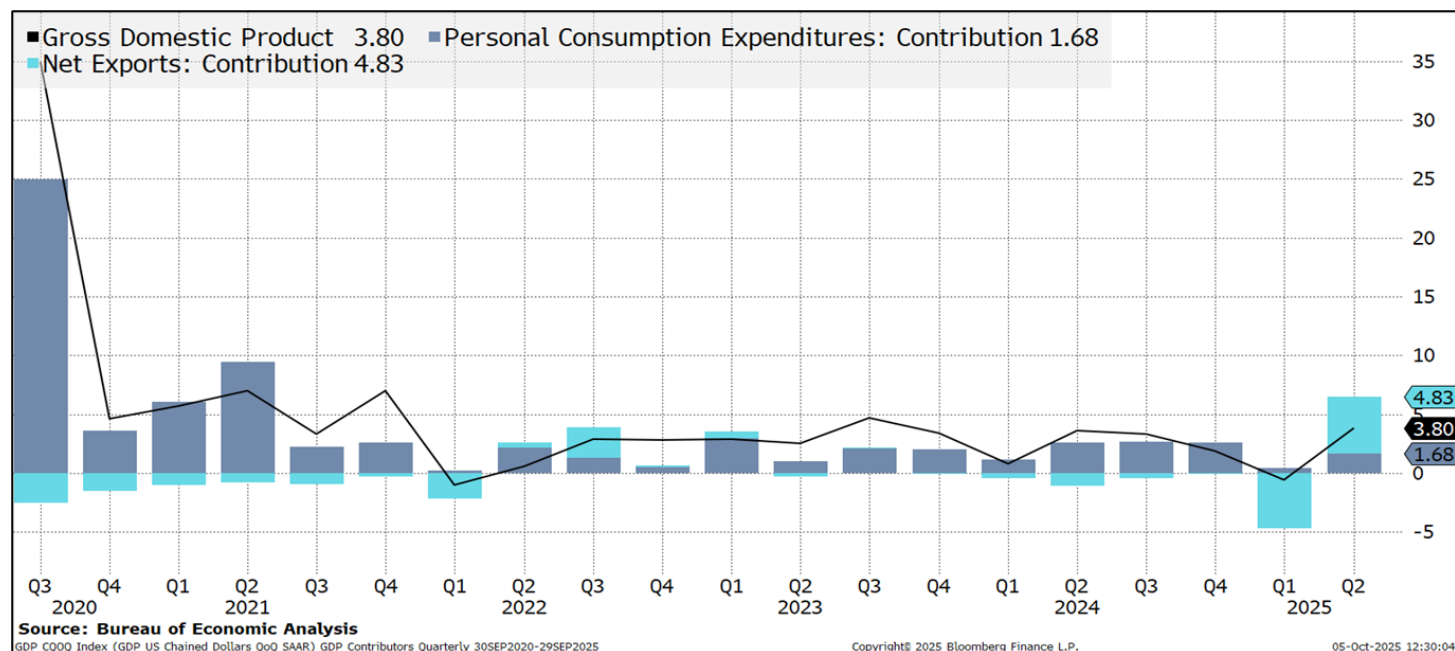


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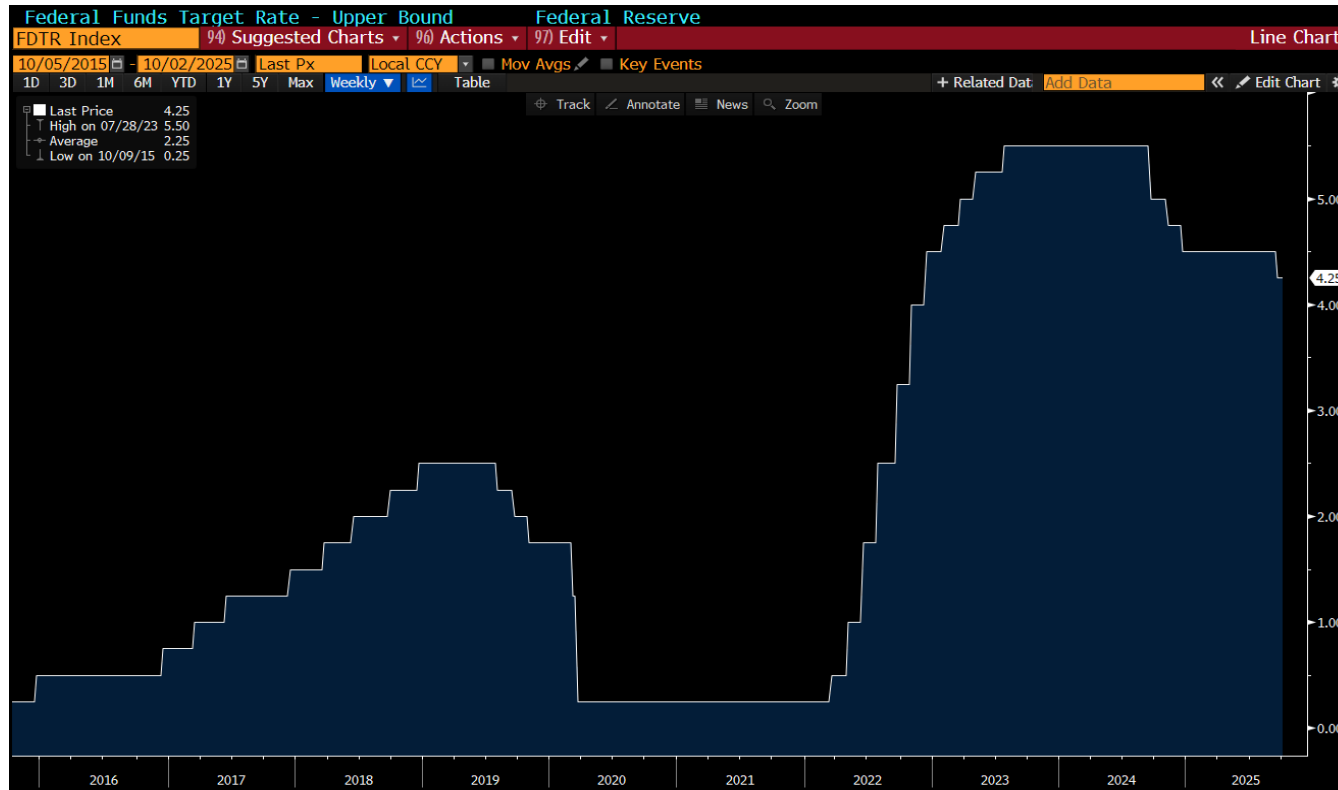
Contributors to GDP



Sources: BTC Capital Management, Bloomberg

- Final reading of Q2 Real GDP was +3.8% compared to -0.6% Q1 (seasonally adjusted annualized rate).
- A major swing factor has been net exports. Q1 importers rushed to land items before tariffs went into effect and reduced imports in Q2. This also created a large swing of inventories.
- Forward forecast reflects a normalization of net exports and inventories with Q3 real GDP estimated at 1.7% and all of 2026 at 1.8%.
- Tariffs remain a headwind for consumers and will continue to squeeze corporate profits impacting business investments.
- A slowing economy may help counter inflationary pressure and keep real wages positive which is a cornerstone for positive real GDP growth in 2026.

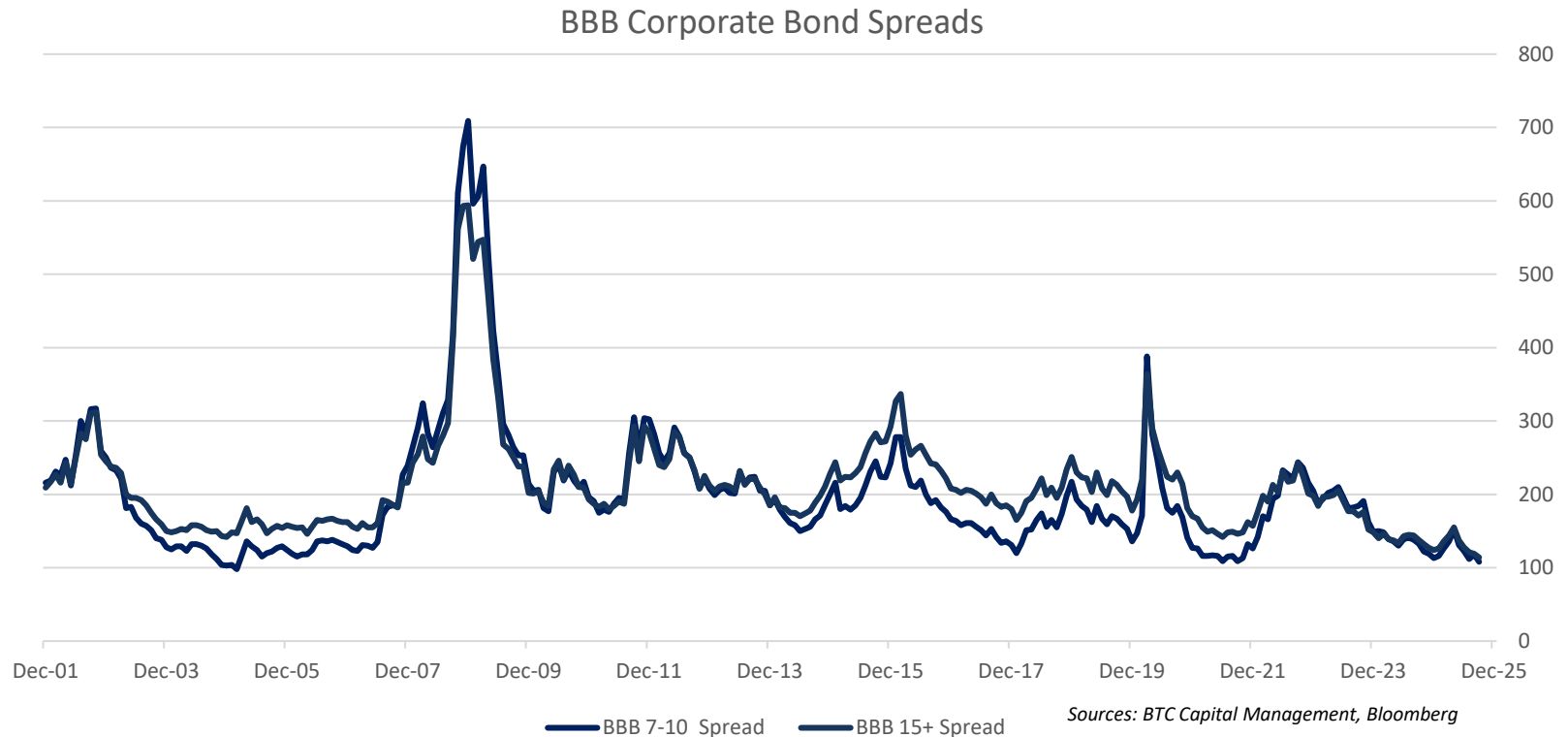
Federal Reserve Lowers Interest Rates



Sources: BTC Capital Management, Bloomberg

- The Federal Reserve lowered the federal funds rate by 25 basis points (9/17/25).
- They targeted two additional cuts in 2025 based on the Summary of Economic Projections.
- Weakening employment is being prioritized over sticky inflation.

Corporate Bonds: Yield Chasing



- Longer dated corporate bonds (orange) are well inside 25-year lows.
- The credit curve should be positively sloped, but most participants that buy longer maturity corporate bonds.
- This results in longer dated corporate bonds offering an unattractive risk/reward versus intermediate term corporate bonds.

Equity Markets

Rise in Q3

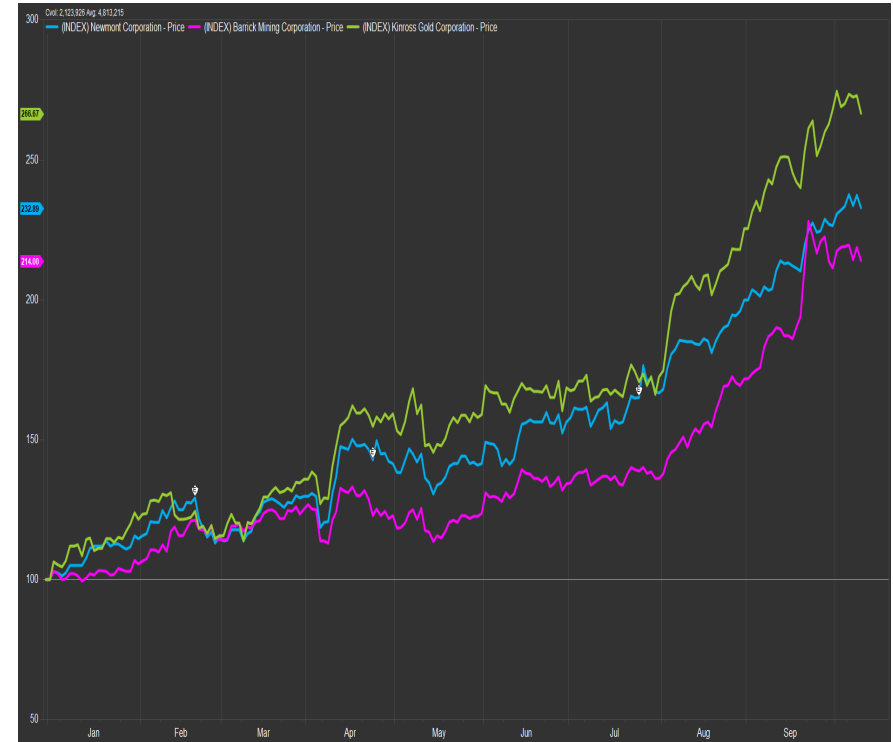
Q3 2025

	<i>Value</i>	<i>Core</i>	<i>Growth</i>
<i>Large</i>	+5.7%	+7.8%	+9.6%
<i>Mid</i>	+5.0%	+5.2%	+5.4%
<i>Small</i>	+11.1%	+8.7%	+6.4%

Sources: PSC Portfolio Strategy

- With improving economic data and somewhat tame inflation metrics, the cut by the Federal Reserve in September led investors to drive U.S. equities to all-time highs.
- As noted in the table above, all style/size categories rose during Q3. Large Cap Growth was up almost 10% as the AI boom continued.
- Small Cap Value gained 11% based on improved earnings forecasts.

The Gold Rush Is On!



Sources: BTC Capital Management, FactSet

- The price of gold recently broke through \$4,000/oz, reaching an all time high. The graph on the left shows the price during the last 10 years.
- Factors contributing to the rise in gold prices include various central banks purchasing gold, falling interest rates, and an increased number of speculative buyers entering the commodity market.
- Companies who mine for gold have seen tremendous increases in stock prices YTD thus far. Corporations such as Newmont, Barrick, and Kinross have seen their share prices at least double so far in 2025.

DISCLOSURES

- *Sources: BTC Capital Management, Bloomberg, FactSet, LSEG Datastream*
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