

On The Margin

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October 2025 Recap

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PRELUDE

Much to my excitement, the *Austin Powers* movie trilogy returned to Netflix in October here in the U.S. I watched all three films for the umpteenth time during the month and two of the namesake character's most iconic movie lines came to my mind when reflecting on global market performance in October. The first was "Oh, behave!" amid some heightened volatility due to renewed investor concerns about U.S.-China trade negotiations and hawkish comments from the Federal Reserve. However, the second movie line that came to my mind was "Yeah, baby, yeah," as global markets ultimately finished October in broadly positive territory. At month's end, emerging market stocks were again among the best performers, followed by U.S. stocks, international developed market stocks, and fixed income.

GLOBAL EQUITY

U.S. equities rose for a sixth consecutive month in October, as multiple major indexes gained between +0.4% and +3.6%, cumulatively. Large cap growth stocks were among the biggest winners within the U.S. market, driven largely by ongoing optimism surrounding artificial intelligence and the concurrent performance of several technology-related companies. While several members of the Magnificent Seven contributed to positive results, companies outside of the group, such as Broadcom, Advanced Micro Devices, and Palantir also contributed meaningfully. In particular, shares of Advanced Micro Devices rose +58.3% in October after the

TABLE 1: GLOBAL EQUITY	OCT	QTD	YTD	1 YR
Dow Jones Industrial Average	2.59	2.59	13.34	15.84
S&P 500 Index	2.34	2.34	17.52	21.45
Russell 2000	1.81	1.81	12.39	14.41
Russell 1000 Growth	3.63	3.63	21.50	30.52
Russell 1000 Value	0.44	0.44	12.15	11.15
MSCI ACWI USD	2.24	2.24	21.09	22.64
MSCI EAFE USD	1.18	1.18	26.61	23.03
MSCI EM USD	4.18	4.18	32.86	27.91
MSCI ACWI ex US USD	2.02	2.02	28.57	24.93

Source: Bloomberg, as of 10/31/2025. Past performance does not guarantee future returns.



company announced a long-term deal to become a key supplier to OpenAI's artificial intelligence infrastructure buildout. Small cap stocks benefited from another interest rate cut from the Federal Reserve during the month, but gained less than some of their large cap counterparts amid declining expectations for further rate cuts before the end of 2026 following hawkish comments from Fed Chair Jerome Powell.

International markets also moved higher again in October despite the U.S. dollar strengthening relative to several other major currencies. Developed international markets, as represented by the MSCI EAFE Index, returned +1.2% for the month. Japanese stocks were among the better performers in October as investors welcomed the election of Sanae Takaichi as the country's new prime minister. Investors believe her focus on the economy and proactive fiscal policy may be positive for stock prices going forward. Emerging markets were among the best performers within global equity markets again during October, as the MSCI EM Index returned +4.2%. Aside from some of the largest names in the index that continued to perform well in October like Taiwan Semiconductor Manufacturing Co and Samsung Electronics, SK Hynix, a South Korean semiconductor company, returned +58.4% during the month. The company announced that it sold out its entire chip production for 2026 and expects a "supercycle" of demand for chips going forward amid further investments in artificial intelligence capabilities. Chinese equities were among the laggards within emerging markets during October amid renewed concerns about trade negotiations with the U.S. during the middle

of the month. While such tensions subsided partly by month end as the two countries inked a short-term deal, Chinese equities did not recover meaningfully.

FIXED INCOME

The U.S. Treasury yield curve experienced a bull flattener (longer-term yields fell faster than short-term yields, some of which even rose a bit during October) during the month, resulting in broadly positive fixed income returns as the Bloomberg U.S. Aggregate rose +0.6%. Longer-term Treasury yields fell during October amid concerns about reigniting trade tensions between the U.S. and China. However certain shorter-term yields rose towards the end of the month amid hawkish comments from the Federal Reserve following its second interest rate cut of 2025. Currently, investors expect less than one more 0.25% rate cut through year end, but approximately two or three more rate cuts in 2026. Outside of the Treasury market, investment grade and high yield corporate bonds again generated positive returns amid tightening spreads.

Given my comments about a U.S. government shutdown last month, I wanted to revisit the subject as the situation is ongoing

TABLE 2: FIXED INCOME	OCT	QTD	YTD	1 YR
Bloomberg US Aggregate	0.62	0.62	6.80	6.16
Bloomberg 1-3 Yr Gov/Credit	0.34	0.34	4.49	5.07
Bloomberg Treasury 5-7 Yr	0.56	0.56	7.38	6.67
Bloomberg Investment Grade Corp	0.44	0.44	7.37	6.68
Bloomberg High Yield Corp	0.16	0.16	7.39	8.16
JPMorgan EMBI Global Diversified	2.13	2.13	13.02	12.76

Source: Bloomberg, as of 10/31/2025. Past performance does not guarantee future returns.

(now the longest U.S. government shutdown ever). Despite the challenges the government shutdown has created for millions of people around the country, financial markets have continued to move higher, as evidenced by performance during October with the S&P 500 hitting multiple new all-time highs. While we are not surprised and think financial markets could continue advancing despite an ongoing shutdown, we remain focused on its potential impact on the labor market, especially in light of the Federal Reserve's hawkish comments following their October rate cut. We will keep you informed of additional developments here as appropriate.

POSTLUDE

We are officially into the final quarter of 2025 and so far, it has been an interesting year to say the least. The eventfulness of 2025 has been difficult for some investors to process, and they remain as nervous as ever about global markets' potential performance through the balance of the year and beyond. Following some questions we received in October about strategic asset allocation in the current economic and market environments, I wanted to conclude this month's piece with some basic comments on how our investment team thinks through this process for our clients' portfolios.

In our view, the main goal of strategic asset allocation is to find an appropriate long-term mix of investments to help give a client a higher probability of achieving long-term goals. In our experience, strategic asset allocation (and its proper execution or lack thereof) is arguably the most important driver for a client's ultimate investment outcome. Given our long-term perspective when thinking about a client's strategic asset allocation, we do not let near-term market uncertainty drive our decision-making process. Occasionally, such uncertainty may lead us to make certain shorter-term tactical asset allocation decisions (a discussion for another time), but that is all. There are few instances in my job where I can use the word "always," but prudent investors will always have things to worry about. While we acknowledge such fear here at CBIZ, we cannot and will not let it drive indecision, or worse, the abandonment of sound long-term investment plans for our clients. We will continue to play the long game and coach our clients to do the same.



Joe Nitting serves as the Director of Research for the centralized investment research function of the Retirement & Investment Solutions practice at CBIZ, Inc. Joe conducts investment research in both traditional and alternative asset classes, and he assists in the portfolio construction process for the firm's centralized investment research function. Joe has a B.S. in both Finance and Accounting from the University of Dayton. He began his career in investments at a boutique registered investment advisory firm in the greater Chicago area, focusing on traditional investments. He also served as an analyst for a registered investment advisory firm in the Cleveland area, where he specialized in alternative investments. Joe plays an important role in fostering a culture of collaboration and creativity within CBIZ while offering unique insights based on his experience across a wide spectrum of investment types.

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