

On The Margin

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September 2025 Recap

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PRELUDE

Recently, my wife and I teamed up to babysit four children under the age of three on a Saturday evening. We had a lot to keep up with between our two daughters and two nieces, as well as my brother-in-law's seven-year-old dog. Despite a few messes, minor injuries, timeouts, and tears, we had a fun evening together. Investors also had plenty to watch out for during September, including new economic data, the Federal Reserve's first interest rate cut of 2025, various corporate headlines, and fears of a U.S. government shutdown. However, when September concluded, global markets finished the month in broadly positive territory. Emerging market stocks led the way higher, followed by U.S. stocks, international developed market stocks, and fixed income.

GLOBAL EQUITY

U.S. equities moved higher for a fifth consecutive month in September, as several major indexes rose between +1.5% and +5.3%, cumulatively. Within the large cap space, the S&P 500 again reached new all-time highs during the month and returned +3.7%. Seven technology-related companies, including five members of the Magnificent Seven, accounted for most of the S&P 500's positive results during the month. Apple led the way higher for a second straight month amid optimism surrounding deliveries for its new iPhone 17 line. Alphabet (Google) also had a strong month due to a favorable outcome in an antitrust suit against the company. Small cap stocks generated another strong month of returns as

TABLE 1: GLOBAL EQUITY	SEP	QTD	YTD	1 YR
Dow Jones Industrial Average	2.00	5.67	10.47	11.50
S&P 500 Index	3.65	8.12	14.83	17.60
Russell 2000	3.11	12.39	10.39	10.76
Russell 1000 Growth	5.31	10.51	17.24	25.53
Russell 1000 Value	1.49	5.33	11.65	9.44
MSCI ACWI USD	3.62	7.62	18.44	17.27
MSCI EAFE USD	1.91	4.77	25.14	14.99
MSCI EM USD	7.15	10.64	27.53	17.32
MSCI ACWI ex US USD	3.60	6.89	26.02	16.45

Source: Bloomberg, as of 9/30/2025. Past performance does not guarantee future returns.



the Russell 2000 rose +3.1% during September. Small cap stocks benefited from the Federal Reserve cutting interest rates for the first time in 2025, as well as growing optimism that the Federal Reserve could cut interest rates even further through the balance of 2025 and into 2026.

International markets also generated positive results in September amid the U.S. Dollar weakening relative to several other major currencies. Developed international markets, as represented by the MSCI EAFE Index, returned +1.9% for the month. Within Europe, Dutch equities were among the leading contributors to performance, led by ASML, a semiconductor company whose stock rose +30.6% during the month amid growing optimism surrounding the usage of its products for AI initiatives. ASML is the biggest company within the MSCI EAFE Index at a roughly 1.7% weight. Emerging markets were among the best performers within global equity markets during September and had their best month since November 2023, as the MSCI EM Index returned +7.2%. Chinese equities were among the top contributors, led by Alibaba. The stock rose +53.3% during the month amid a strong earnings release, highlighted by further plans to develop and leverage AI technologies. I wanted to quickly point out that within emerging markets, we are seeing parallels to the U.S. market in terms of a small group of companies having an outsized impact on returns. In the U.S., the Magnificent Seven companies represent roughly 34.1% of the S&P 500. In emerging markets, four companies (a

"Fantastic Four" of sorts to make another movie reference) represent 22.3% of the MSCI EM Index. While all these companies have had tremendous success in recent years, we think it is important for investors to be aware that such a small group of companies can (and often does) have such a large impact on the results of a broader stock market index, for better or for worse.

FIXED INCOME

The U.S. Treasury yield curve shifted mostly lower again during September, resulting in broadly positive fixed income returns as the Bloomberg U.S. Aggregate rose +1.1%. Similar to August, Treasury yields fell across most of the curve amid the release of weaker-than-expected economic data related to the labor market and growing expectations for an interest rate cut from the Federal Reserve. The Federal Reserve ultimately cut interest rates for the first time in 2025 during September as well. While the cut was largely expected, investors eyed the potential path of future rate cuts through 2025 and into 2026. Currently, investors expect roughly two more 0.25% rate cuts in 2025, as well as approximately three more rate cuts in 2026. Outside of the Treasury market, investment grade and

TABLE 2: FIXED INCOME	SEP	QTD	YTD	1 YR
Bloomberg US Aggregate	1.09	2.03	6.13	2.88
Bloomberg 1-3 Yr Gov/Credit	0.33	1.19	4.14	4.12
Bloomberg Treasury 5-7 Yr	0.25	1.43	6.78	3.17
Bloomberg Investment Grade Corp	1.44	2.57	6.90	3.65
Bloomberg High Yield Corp	0.82	2.54	7.22	7.41
JPMorgan EMBI Global Diversified	1.78	4.75	10.66	8.52

Source: Bloomberg, as of 9/30/2025. Past performance does not guarantee future returns.

high yield corporate bonds also generated positive returns amid tightening spreads.

While not specific to fixed income markets, I wanted to briefly touch on the possibility of a U.S. government shutdown (which has since become a reality in early October) and what such an occurrence may mean for financial markets. In short, we think the potential harm to financial markets would be relatively limited unless the shutdown were to go on for an extended period of time. However, we could see temporarily heightened investor uncertainty if various economic data releases get delayed, perhaps sparking additional near-term volatility. A wildcard we are potentially watching for is the impact of a government shutdown on the labor market, particularly if a resolution includes significant job cuts, which may influence the Federal Reserve's position on the future path of interest rates. We will keep you informed of additional developments here as appropriate.

POSTLUDE

This month, I would like to introduce our *On The Margin* readers to something different in this section. We have some amazing financial professionals here at CBIZ and as a team, we consume a high volume of media content. I would like to share some of the content we are reading, watching, and listening to (both for work and for fun) with our audience for their reference and perhaps enjoyment as well.

- *We are reading:* **Misbehaving, The Making of Behavioral Economics.** Nobel laureate Richard Thaler challenges one of the core tenets to classical economic theory: that people are rational consumers.
- *We are watching:* **Slow Horses.** A dysfunctional team of MI5 agents and their obnoxious boss navigate the espionage world to defend England from sinister forces.
- *We are listening to:* **Reasonably Happy.** Comedian and former Facebook executive Paul Ollinger discusses how people often wrestle with their relationships with money.

We hope you had a fantastic summer and look forward to connecting with you again next month.



Joe Nitting serves as the Director of Research for the Retirement & Investment Solutions practice of CBIZ, Inc. Joe leads the firm's research in both traditional and alternative asset classes, and he oversees the portfolio construction process for the firm's defined contribution, institutional advisory and wealth management businesses. Joe has a B.S. in 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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