

| Index Name | QTD Return | YTD Return |
|--|------------|------------|
| Dow Jones Industrial Average | 5.67 | 10.47 |
| S&P 500 (U.S. Large Co. Index) | 8.12 | 14.83 |
| Russell 2000 (U.S. Small Co. Index) | 12.40 | 10.39 |
| MSCI EAFE (Int'l Equity Index) | 4.77 | 25.14 |
| Bloomberg U.S. Aggregate Bond | 2.03 | 6.13 |

Market Commentary

Performance for the third quarter of 2025 was strong and continued the bull market. The S&P 500 was up 8% for the quarter. International markets were also positive, with Developed Market stocks up 5%. Small Cap U.S. equities outperformed Large Cap U.S. equities, with small caps up over 12%. Real Estate Investment Trusts (“REITs”) were also positive for the quarter, but up only 3%. Bonds were also positive during the quarter as yields began to fall, with the Bloomberg U.S. Aggregate up 2%.

After being on pause for the first half of 2025, the U.S. Federal Reserve cut interest rates 0.25% in September. The Fed’s September 2025 Summary of Economic Projections (“SEP”) indicated that the median member of the Federal Open Market Committee (“FOMC”) anticipates an additional 50 basis points of interest rate cuts in the remainder of 2025, with the median projection of the year-end 2025 Fed Funds rate of 3.6%. Both stocks and bonds have benefited from the recent and expected moves by the Fed.

Looking ahead, while the macro backdrop remains mixed, we now have stimulative U.S. monetary and fiscal policy. Thematic drivers such as AI, growth in emerging markets, and the weaker U.S. dollar are amplifying broad market returns in regions and sectors tied to innovation and exports. However, the rally leaves valuations elevated in many areas, and market concentration risk continues to rise. We expect markets to remain turbulent as trade arrangements are finalized. Investors are well served by remaining diversified across asset classes to experience growth while diversifying risk.

Market Highlights

- For YTD 2025, MBF diversified portfolio returns performed between fixed income markets and equity markets
- In Q3 2025, U.S. Small Cap Value Equities were the leading sub-asset class, up 12.6%
- Stock and bond markets continued positive returns in Q3 2025

Market commentary provided in partnership with Cornerstone Management, Inc.