

Monthly market commentary: Stocks rally on positive earnings and trade news.



Monthly snapshot

- Global equities, as measured by the MSCI ACWI Index, gained ground in October 2025. Investors were encouraged by generally better-than-expected corporate earnings reports, central bank monetary policy easing, and signs of softening trade tensions between the U.S. and China. Emerging markets outperformed developed markets.
- Global fixed-income assets posted modest gains for the quarter. U.S. Treasury yields moved lower across the yield curve. (Bond prices move inversely to yields.)
- Diversification will help investors reduce their exposure to what we see as heightened market fragility.

Global equities, as measured by the MSCI ACWI Index, gained ground in October 2025. Investors were encouraged by generally better-than-expected corporate earnings reports, central bank monetary policy easing, and signs of softening trade tensions between the U.S. and China. Emerging markets outperformed developed markets.

The Far East led the emerging markets during the month due mainly to strength in Korea and Taiwan. Eastern Europe was bolstered by the outperformance of Hungary and Poland. Conversely, Chinese stocks listed on the Hong Kong Stock Exchange recorded negative returns. The Far East also was the strongest performer among the developed markets in October, attributable mainly to a rally in Japan. Additionally, North America benefited from strength in the U.S. market. On the downside, the underperformance of the Asia-Pacific ex Japan region resulted from relative weakness in Australia and Singapore,

Global fixed-income assets, as represented by the Bloomberg Global Aggregate Bond Index, dipped 0.3% (in U.S. dollars) in October. Mortgage-backed securities (MBS) led the U.S. fixed-income market, followed by U.S. Treasuries, investment-grade corporate bonds, and high-yield bonds. Treasury yields moved lower across the yield curve, with the exception of the 2-year note, which was unchanged at 3.60%. Yields on 3-, 5-, and 10-year Treasury notes declined by corresponding margins of 0.01%, 0.03%, and 0.05%, ending the month at 3.60%, 3.71%, and 4.11%, respectively. The 10-year to 3-month yield curve widened by 8 basis points (0.08%) to +0.22% as of October 31.¹

Global commodity prices, as measured by the Bloomberg Commodity Index, gained 2.6% in October. The spot prices for West Texas Intermediate (WTI) and Brent crude oil fell 2.2% and 1.9% respectively, over the month due to softer demand and an increase in supply as the Organization of the Oil Exporting Countries (OPEC) ramped up production. Economic uncertainty and expectations of a Federal Reserve interest-rate cut contributed to the 3.2% rise in the gold price to numerous record highs over the month. However, On October 21, the price tumbled 5.7%—its largest one-day decline since 2013—due to some profit-taking following a prolonged rally, as well as U.S. dollar strength. (The gold price typically moves inversely to the U.S. dollar.) The 32.3% surge in the New York Mercantile Exchange (NYMEX) natural gas price for the month was attributable to stronger-than-expected demand for cooling and a significant increase in liquefied natural gas (LNG) exports. The wheat price climbed 5.1% in October due primarily to higher demand from North Africa and the Middle East, as well as continued geopolitical tensions in Ukraine.

¹ According to the U.S. Department of the Treasury. As of October 31, 2025.

Key measures: October 2025

Equity

Dow Jones Industrial Average	2.59%	↑
S&P 500 Index	2.34%	↑
NASDAQ Composite Index	4.72%	↑
MSCI ACWI Index (Net)	2.24%	↑

Bond

Bloomberg Global Aggregate Index	-0.25%	↓
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Volatility

Chicago Board Options Exchange Volatility Index	17.44	↑
PRIOR Monthly: 16.28		

Oil

WTI Cushing crude oil prices	\$60.98	↓
PRIOR Monthly: \$62.37		

Currencies

Sterling vs. U.S. dollar	\$1.31	↓
Euro vs. U.S. dollar	\$1.15	↓
U.S. dollar vs. yen	¥154.06	↑

Sources: Bloomberg, FactSet, Lipper

U.S. trade policy remained a focal point for global financial markets during the month. In a social media post on October 10, President Donald Trump threatened to cancel a scheduled meeting with China's President Xi Jinping and impose "a massive increase in tariffs" on Chinese imports, accusing the Chinese government of "becoming very hostile, and sending letters to Countries throughout the World, that they want to impose Export Controls on each and every element of production having to do with Rare Earths [a group of 17 metals that are used in the production of electronics such as smartphones, computer hard drives, and big-screen televisions]..." However, Trump and Xi met in South Korea toward the end of the month and reached a tentative trade deal in which the U.S. agreed to reduce tariffs on imported goods from China from 57% to 47% in exchange for China's pledge to curb the export of chemicals used to produce fentanyl. Additionally, Xi agreed to a one-year suspension of export controls on rare-earth minerals, and China will end its embargo on soybean imports from the U.S.

The U.S. government shutdown, which began on October 1, was not resolved by the end of the month. The political dispute centers on the demand of the Democrats, who are the minority party in both the House of Representatives and the Senate, for an extension of the enhanced Affordable Care Act (ACA) health insurance subsidies enacted during the COVID-19 pandemic in 2021, and to restore the cuts to the Medicaid program mandated in the One Big Beautiful Bill Act, which Trump signed into law in July.

On the geopolitical front, on October 9, Trump announced that Israel and Hamas had agreed to a ceasefire in the war that began in October 2023. The deal required Hamas to release all of the Israeli hostages held in Gaza. The Israeli government began to withdraw its troops from parts of Gaza the following day. The ceasefire appeared to be jeopardized on October 19, when Israel launched numerous airstrikes on several targets in Gaza and accused Hamas of breaking the truce by attacking its military forces in the Rafah area of southern Gaza. The Israeli military again attacked Hamas in Gaza toward the end of October, claiming that Hamas violated the ceasefire by firing on Israeli troops who were stationed in Israeli-controlled territory in southern Gaza.

Economic data

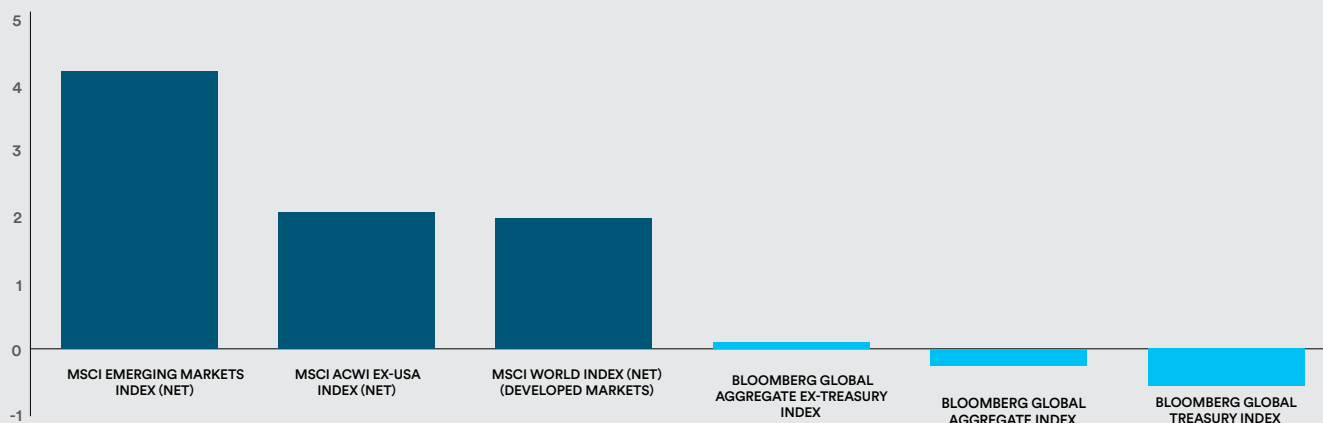
U.S.

Following a nine-day delay due to the ongoing federal government shutdown, the Department of Labor released its inflation report for September. The consumer-price index (CPI) advanced 0.3% for the month, marginally lower than the 0.4% rise in August. Gasoline prices surged 4.1% and comprised the bulk of the upturn in the index for the month. Conversely, costs for utility gas service and electricity declined 1.2% and 0.5%, respectively, in September. The CPI advanced 3.0% year-over-year in September—modestly higher than the 2.9% rise in August but slightly below expectations. Utility gas service and electricity costs increased by corresponding margins of 11.7% and 5.1% over the previous 12-month period, while gasoline prices were down 0.5%. Core inflation, as measured by the CPI for all items less food and energy, rose 3.0% year-over-year in September, slightly lower than the 3.1% upturn in August. Prices for used cars and trucks, medical services, and housing increased 5.1%, 3.9%, and 3.6%, respectively, year-over-year.

The Commerce Department's preliminary estimate of gross domestic product growth for the third quarter of this year, which was scheduled for release on October 30, was delayed indefinitely due to the government shutdown.

Major Index Performance in October 2025 (Percent Return)

● Fixed Income ● Equities



Sources: FactSet, Lipper

U.K.

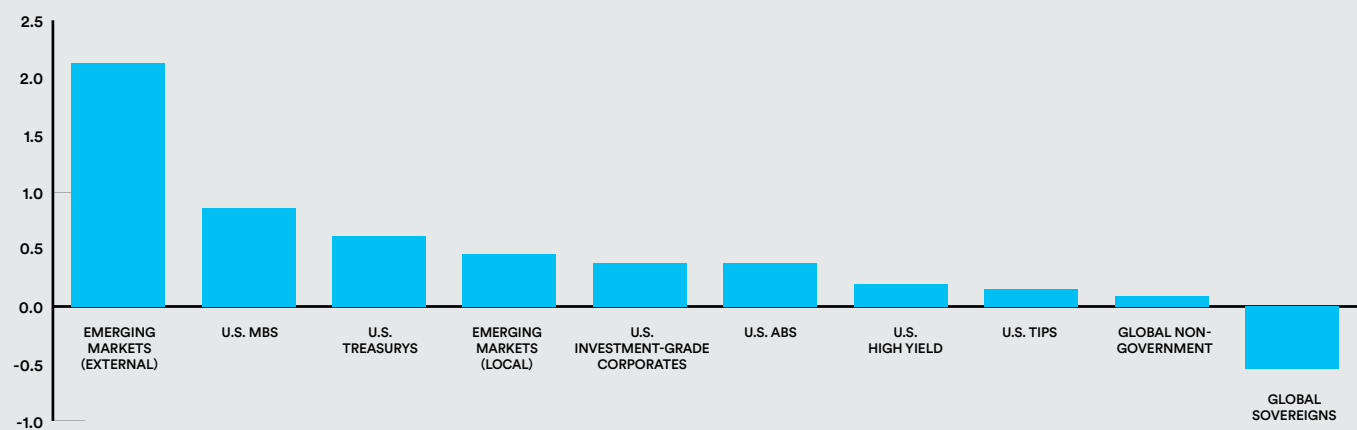
According to the Office for National Statistics (ONS), inflation in the U.K., as measured by the CPI, was flat in September, down from the 0.3% rise in August. The CPI advanced at an annual rate of 3.8% for the month, matching the year-over-year upturn in August. Prices for clothing and footwear, and education posted the largest gains in September, while transportation and communication costs declined. Housing and household services, education, and alcohol and tobacco prices climbed 7.3%, 7.2%, and 5.8%, respectively, over the previous 12-month period. Core inflation, as represented by the CPI excluding energy, food, alcohol, and tobacco, rose 3.5% year-over-year in September, edging down from the 3.6% annual increase in August.²

The ONS also announced that U.K. GDP increased 0.3% for the three-month period ending August 31 (the most recent reporting period), slightly higher than the 0.2% rise for the three-month period ending July 31. Output in the construction and services sectors rose 0.4% and 0.3%, respectively, over the most recent three-month period, while the production sector saw a 0.3% decrease.³

² According to the ONS. October 22, 2025.

³ According to the ONS. October 16, 2025.

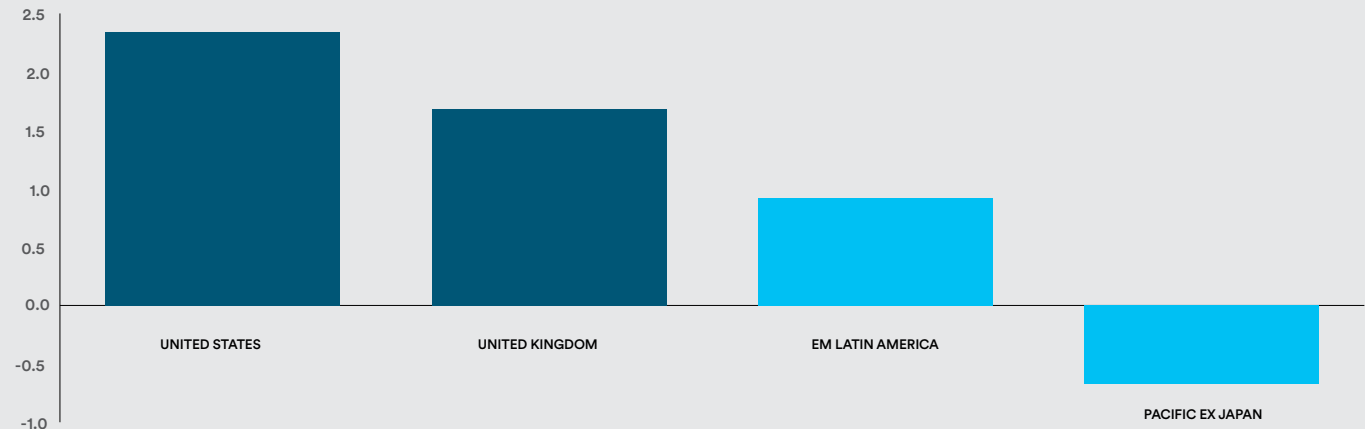
Fixed-Income Performance in October 2025 (Percent Return)



Sources: FactSet, Lipper. See “Corresponding Indexes for Fixed-Income Performance Exhibit” in the Index descriptions section for more information.

Regional Equity Performance in October 2025 (Percent Return)

● Countries ● Regions



Sources: FactSet, Lipper. See “Corresponding Indexes for Regional Equity Performance Exhibit” in the Index descriptions section for more information.

Eurozone

Eurostat pegged inflation for the eurozone at 2.2% for the 12-month period ending in September, slightly higher than the 2.0% increase in August. Costs in the services sector rose at an annual rate of 3.2% in September, edging up from the 3.1% upturn in August. Prices for food, alcohol and tobacco increased 3.0% year-over-year in September versus the 3.2% annual rise for the previous month. In contrast, energy prices declined 0.4% year-over-year. Core inflation, which excludes volatile energy, food, and alcohol and tobacco prices, rose at an annual rate of 2.4% in September, marginally higher than the 2.3% year-over-year increase in August.⁴

According to Eurostat’s initial estimate, eurozone GDP ticked up 0.2% in the third quarter—matching the growth rate for the second quarter of this year—and increased 1.3% over the previous 12-month period, down from the 1.5% year-over-year increase in the second quarter. The economies of Sweden, Portugal, and the Czech Republic were the strongest performers for the third quarter, expanding 1.1%, 0.8%, and 0.7%, respectively. In contrast, GDP for Lithuania and Finland dipped by corresponding margins of 0.2% and 0.1% during the quarter.⁵

⁴ According to Eurostat. October 17, 2025.

⁵ According to Eurostat. October 30, 2025.

SEI's view

Diversification within equity markets remains our key call for the remainder of 2025. Diversification by geography, by our preferred factors, by sector, by single names, and by theme will help investors reduce their exposure to what we see as heightened market fragility. Active management also appears attractive here, particularly in U.S. large caps given the acute market concentration.

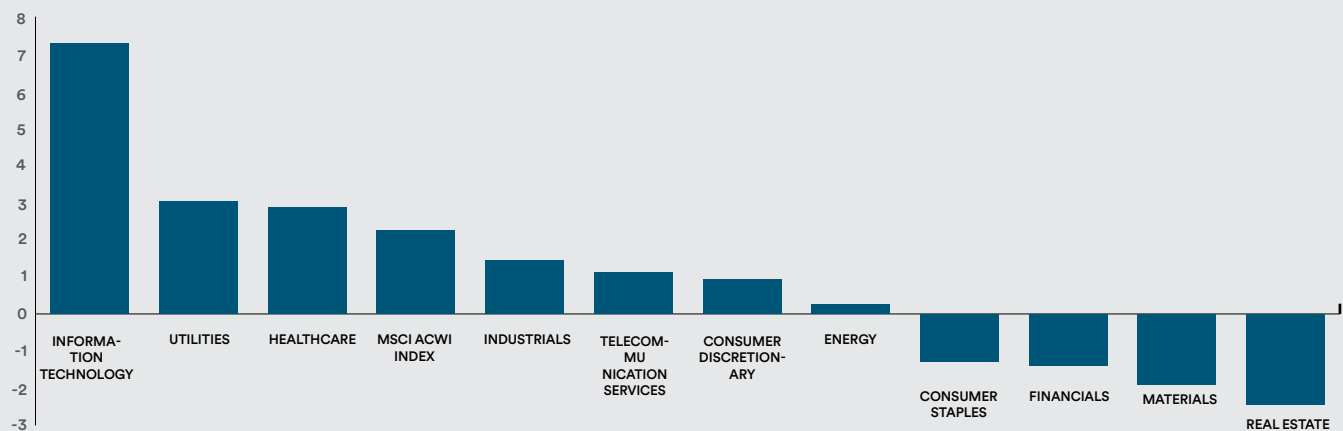
Mega-cap tech stocks led the U.S. equity market higher again in October, although valuations and index over-concentration are yellow flags. International equities remain cheaper compared to U.S. stocks and offer potential upside for diversified portfolios.

Credit has reflected the elevated valuations in equity markets, as evidenced by low spread levels. We remain interested in attractive risk-adjusted yields which can be found in securitized sectors, particularly collateralized loan obligations (CLOs). Investors remain surprisingly complacent, with high-yield credit spreads extremely tight. U.S. and international equity markets are in new-high territory.

President Trump continues to push policy changes aggressively across many fronts, including tariffs, immigration and personnel changes at the Federal Reserve. The U.S. economy remains resilient despite all the policy uncertainty, although there are recent signs of deterioration in the labor market. Canada's economic growth is supported by consumer spending but hurt by U.S. tariffs. Growth in the U.K. and Europe remains sluggish. Accelerated productivity growth is the key to a more optimistic inflation outlook, but it will take time for new technologies to have a measurable impact.

Diversification will help investors reduce their exposure to what we see as heightened market fragility.

Global Equity Sector Performance in October 2025 (Percent Return)



Sources: FactSet, Lipper. MSCI ACWI Index Components (as defined by SEI).

While growth and inflation expectations vary, long-term fiscal stability is an issue of concern in the U.S., U.K., and Europe, with the possible exception of Germany. Politicians in the U.S. and France have opted to ignore the problem, unwilling to make tough choices on taxes and spending. The U.K. has tried to tax its way out of its fiscal difficulties, but that country seems to be on the wrong side of the “Laffer Curve”—tax revenue increases with higher tax rates, but only to a certain point, after which tax receipts actually decrease. The damage done to government fiscal positions by the global financial crisis of 2008-2009 and by the COVID-19 lockdowns have not been fully repaired. The aging of populations is an overwhelming tide facing most developed countries leading to a structural rise in spending on pensions and healthcare. More recently, governments have been forced to increase their military budgets to counter the potential threat posed by China and Russia. And then there is the sharp upward shift in interest rates which, when combined with increasing debt, have dramatically increased net interest expense. According to the Organisation for Economic Co-operation and Development, debt service costs for its 38 member countries rose to 3.3% of GDP in 2024. That was higher than the proportion collectively spent on defense.

Glossary of Financial Terms

Yield is the income returned on an investment, such as the interest received from holding a security. The yield is usually expressed as an annual percentage rate based on the investment's cost, current market value, or face value.

Yield curve represents differences in yields across a range of maturities of bonds of the same issuer or credit rating (which is used to assess the risk of default of companies or countries). A steeper yield curve represents a greater difference between the yields. A flatter curve indicates that short- and long-term yields are closer together.

The **breakeven yield** is the difference in yield between inflation-protected bonds and nominal debt of the same maturity.

Index definitions

All indexes are quoted in gross performance unless otherwise indicated.

The **MSCI ACWI Index** is a market capitalization-weighted index that tracks the performance of over 2,000 companies, and is representative of the market structure of 48 developed and emerging-market countries in North and South America, Europe, Africa, and the Pacific Rim. The index is calculated with net dividends reinvested in U.S. dollars.

The **Bloomberg Global Aggregate Bond Index** is a market capitalization-weighted index that tracks the performance of investment-grade (rated BBB- or higher by S&P Global Ratings/Fitch Ratings or Baa3 or higher by Moody's Investors Service) fixed-income securities denominated in 13 currencies. The index reflects reinvestment of all distributions and changes in market prices.

The **ICE BofA U.S. High Yield Constrained Index** is a market value-weighted index of all domestic and Yankee high-yield bonds, including deferred interest bonds and payment-in-kind securities, with maturities of one year or more and a credit rating of BB+ or lower by S&P Global Ratings and Fitch Ratings or Ba1 or lower by Moody's Investors Service, but are not in default.

The **Bloomberg U.S. Corporate Bond Index** is a broad-based benchmark that tracks the performance of the investment-grade (rated BBB- or higher by S&P Global Ratings and Fitch Ratings or Baa3 or higher by Moody's Investors Service), fixed-rate, taxable corporate bond market.

The **Bloomberg US Mortgage Backed Securities Index** tracks the performance of U.S. dollar-denominated, fixed-rate and adjustable-rate/hybrid mortgage pass-through securities issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

The **Bloomberg U.S. Treasury Index** tracks the performance of U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury.

The **Bloomberg Commodity Index** tracks the performance of futures contracts on physical commodities. The index comprises 24 of the most traded commodity futures contracts across six sectors.

Consumer-price indexes measure changes in the price level of a weighted-average market basket of consumer goods and services purchased by households. A consumer price index is a statistical estimate constructed using the prices of a sample of representative items whose prices are collected periodically.

Corresponding Indexes for Fixed-Income Performance Exhibit

U.S. High Yield	ICE BofA U.S. High Yield Constrained Index
Global Sovereigns	Bloomberg Global Treasury Index
Global Non-Government	Bloomberg Global Aggregate ex-Treasury Index
Emerging Markets (Local)	JPMorgan GBI-EM Global Diversified Index
Emerging Markets (External)	JPMorgan EMBI Global Diversified Index
U.S. Mortgage-Backed Securities (MBS)	Bloomberg US Mortgage Backed Securities Index
U.S. Asset-Backed Securities (ABS)	Bloomberg US Asset Backed Securities Index
U.S. Treasurys	Bloomberg US Treasury Index
U.S. Treasury Inflation-Protected Securities (TIPS)	Bloomberg 1-10 Year US TIPS Index
U.S. Investment-Grade Corporates	Bloomberg US Corporate Bond Index

Corresponding Indexes for Regional Equity Performance Exhibit

United States	S&P 500 Index
United Kingdom	FTSE All-Share Index
Pacific ex Japan	MSCI Pacific ex Japan Index (Net)
Japan	TOPIX, also known as the Tokyo Stock Price Index
Europe ex U.K.	MSCI Europe ex UK Index (Net)
EM Latin America	MSCI Emerging Markets Latin America Index (Net)

IMPORTANT INFORMATION

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There are risks involved with investing, including loss of principal. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Narrowly focused investments and smaller companies typically exhibit higher volatility. Bonds and bond funds will decrease in value as interest rates rise. High-yield bonds involve greater risks of default or downgrade and are more volatile than investment-grade securities, due to the speculative nature of their investments.

Diversification may not protect against market risk. Past performance does not guarantee future results. Index returns are for illustrative purposes only and do not represent actual portfolio performance. Index returns do not reflect any management fees, transaction costs or expenses. One cannot invest directly in an index. Information provided by SEI Investments Management Corporation, a wholly owned subsidiary of SEI Investments Company (SEI).



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