



SilverOak

WEALTH MANAGEMENT LLC

Third Quarter 2025 Market Summary

3600 Minnesota Drive
Suite 860
Edina, MN 55435

Phone: 952-896-5700

Visit us at
silveroakwealth.com

Third Quarter 2025 Market Summary

Investor optimism carried through the third quarter as equities continued their strong run and markets set new all-time highs in September. The ongoing AI buildout remains the primary driver of equity performance both domestically and internationally. Beyond equities, all asset classes have performed well amid a depreciating U.S. dollar and widening fiscal deficits. This includes non-U.S. equities and bonds, as well as precious metals and cryptocurrencies.

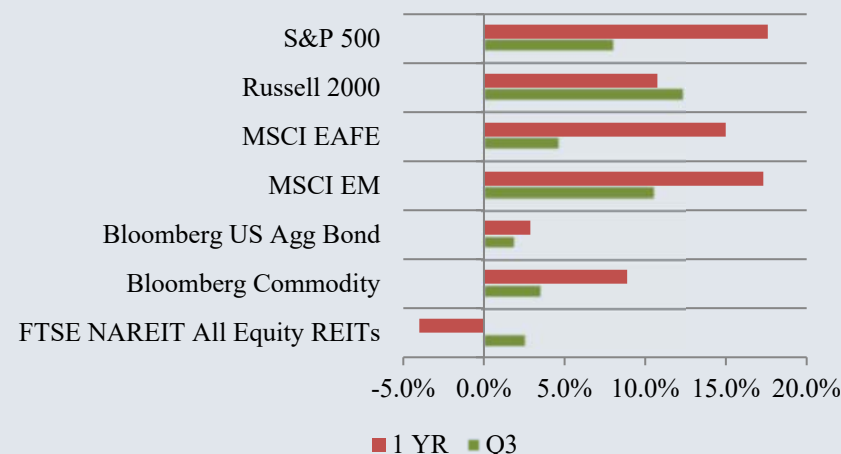
The chart below shows that U.S. large company stocks, as represented by the S&P 500 Index, increased by 8.1% during the quarter, while U.S. small company stocks, represented by the Russell 2000 Index, rose 12.4%. Ten of the eleven S&P 500 sectors posted positive returns, led by the technology and communication services sectors. Consumer-oriented sectors have lagged, and health care has faced headwinds from increased regulatory scrutiny. International stocks, represented by the MSCI ACWI ex US Index, gained 6.9% during the quarter, continuing their outperformance. Emerging markets advanced 10.6%, with China up 20.7%, driven by renewed strength in Chinese technology companies racing to catch up in AI development. There are several factors that could support sustained strength in international equities, including a weaker U.S. dollar, favorable asset flows, attractive valuations, and continued government focus on national security. If foreign investors begin reducing their exposure to U.S. assets, that shift in capital could reinforce momentum in international markets, creating a self-reinforcing cycle of extended outperformance.

The Bloomberg Barclays U.S. Aggregate Bond Index, representing a broad basket of bonds, reported a positive 2.0% return during the quarter. Credit spreads tightened, resulting in credit-oriented sectors generally outperforming Treasuries. The Federal Reserve reduced rates 25 basis points to a range of 4.00%–4.25% in September, citing concerns over signs of weakness in the labor market. While labor conditions have cooled somewhat, historical relationships may be less reliable in the current environment, given lingering effects from the pandemic, shifts in immigration policy, and the influence of AI. Provided inflation remains contained, additional rate cuts are anticipated in the coming months. Markets generally have viewed rate cuts as supportive of growth and as a signal from the Fed that economic conditions are balanced.

While equity markets have remained strong, persistent macroeconomic and political uncertainty continues to linger. This uncertainty has weighed on consumer and business confidence, despite spending and corporate earnings remaining resilient.

Historically, weakness in “soft data” (such as sentiment surveys) has sometimes preceded weakness in “hard data” (such as employment or spending). However, that relationship appears less dependable today, as people’s attitudes toward the economy often diverge from their actual behavior. This disconnect is not surprising given the increasing polarization in U.S. views, which has a growing impact on sentiment and perceptions of economic health.

Broad Market Index Returns Third Quarter 2025



Trade negotiations remain ongoing, but recent truces and calmer rhetoric have eased tensions. However, this could quickly change. After quarter-end, the U.S. government shutdown on October 1st amid stalled funding discussions. While these factors may influence sentiment and growth in the months ahead, the overall impact is expected to be limited. Historically, most shutdowns since 1976 have lasted less than a week, though the 2018 shutdown extended for 35 days, a record that may be tested this time. During past shutdowns, U.S. equity markets have generally shown muted reaction and have tended to trade higher 12 months after the disruption ends.

Third Quarter 2025 Market Summary (continued)

Should markets stumble and investor optimism fade, several positive factors could help reignite momentum. Lower interest rates could support growth by reducing borrowing costs, easing debt servicing, and encouraging both capital investment and consumer spending. A decline in rates could also strengthen the housing market by stimulating new construction, creating jobs and improving affordability.

Manufacturing, which has been weak for the past two to three years, may also begin to recover. After a boom in late 2020 to meet post-pandemic demand, companies were left with excess inventories as demand softened. Inventory levels are normalizing, setting the stage for potential tailwinds ahead. Additional support may come from tax rebates associated with the One Big Beautiful Bill Act and ongoing investment in AI infrastructure, which continues to drive capital spending and innovation across sectors.

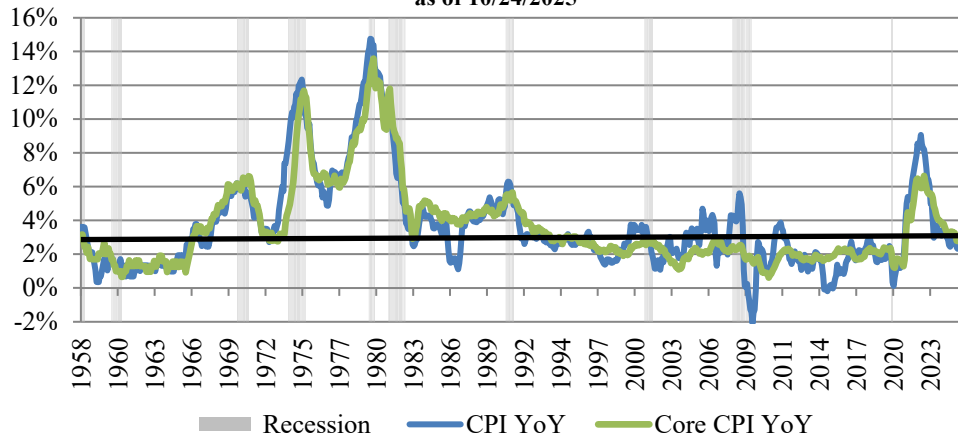
Investors often look to history for parallels, but applying past situations to the present can be risky, especially when waiting for a perceived “bubble” to burst. Market concentration may seem concerning through a historical lens, but it reflects the significant tangible earnings and future prospects of these market leaders. Considerable spending is underway to build out AI infrastructure. Whether these investments generate appropriate long-term returns, and allow current leaders to maintain their dominance, will only become clear with time. As always, diversification remains a valuable safeguard against uncertainty if the future unfolds differently than expected. This year serves as a good reminder: entering 2025, many investors expected U.S. exceptionalism to continue dominating performance. Yet, international markets have outperformed year-to-date, even as U.S. technology stocks remain a key driver of returns.

Ultimately, markets are cyclical, periodic drawdowns are inevitable and a natural part of investing. Investors need to remain prepared, both financially and emotionally, to endure volatility and seize opportunities that arise. History shows that positive trends often persist longer than expected, and that downturns, while uncomfortable, often reverse sooner than many anticipate.

MACROECONOMICS

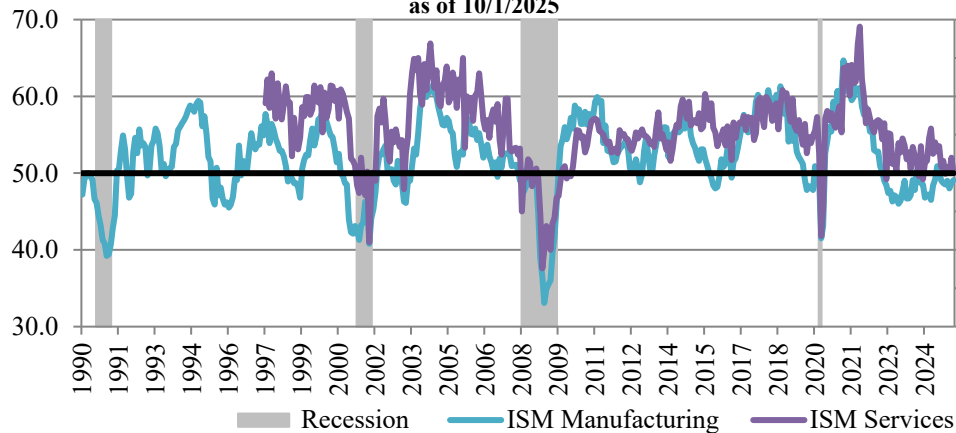
- The Bureau of Economic Analysis released the third estimate of second quarter 2025 real GDP, an annual rate increase of 3.8% from the preceding quarter.
- Inflation remains contained within the Federal Reserve's target range of 2-3%. In September, headline CPI increased 3.0% year-over-year. Core CPI, which excludes food and energy, also increased 3.0%.

Inflation - Consumer Price Index (CPI)
as of 10/24/2025



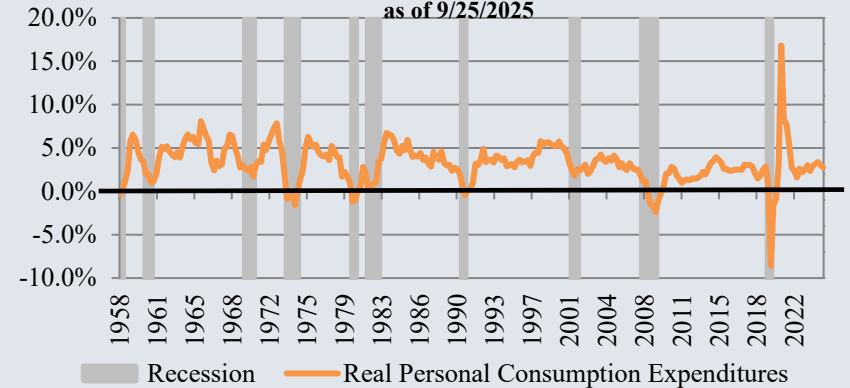
- The ISM Manufacturing Index was essentially flat during the quarter, finishing at 49.1 versus 49.0 in June. Typically, when the ISM Index is above 55 it is bullish and when it is below 45 it is bearish. The ISM Non-Manufacturing Index was also flat during the quarter finishing at 50.0 in September.

ISM PMI Indices
as of 10/1/2025



- In August, the Conference Board Leading Economic Index decreased 0.5% month-over-month to 98.4. The index, which is a composite of leading employment, housing, manufacturing, and market indicators, remains at a contractionary level.
- The Real Personal Consumption Expenditures grew at 2.7% year-over-year in 2Q, indicating consumers continue to fuel economic growth.

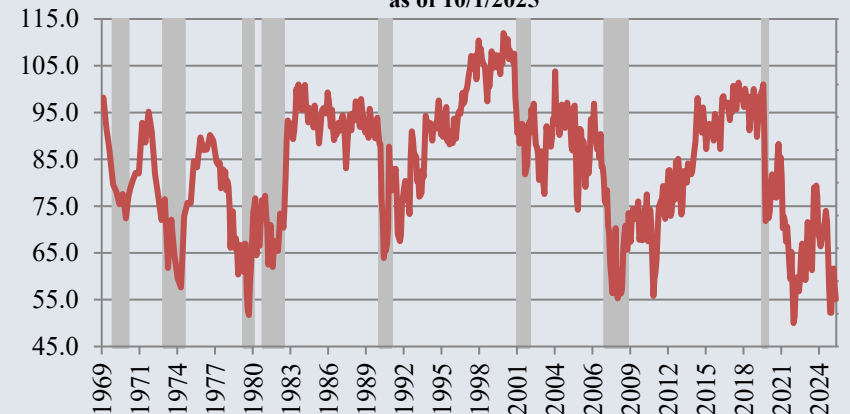
Real Personal Consumption Expenditures
as of 9/25/2025



CONFIDENCE METRICS

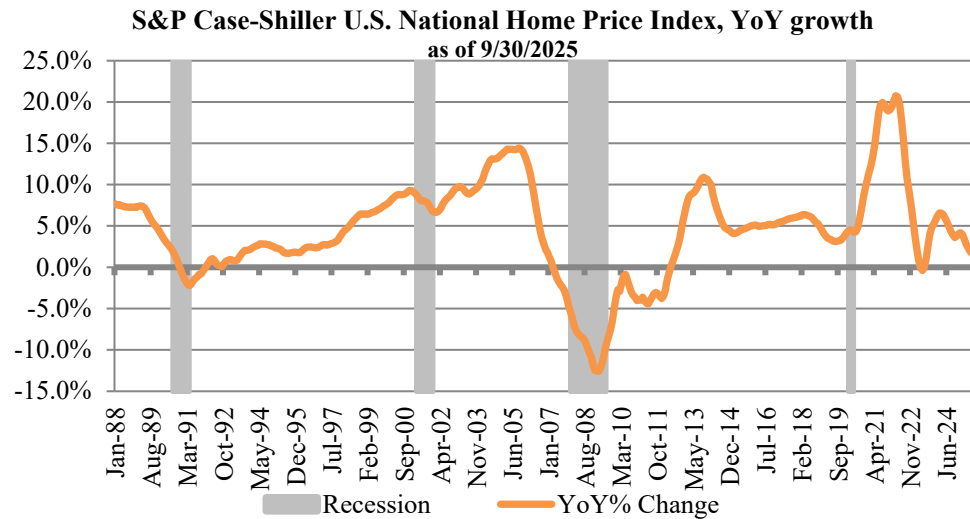
- The Conference Board's Consumer Confidence Index September reading was 94.2, a slight decrease from 95.2 in June. Consumers remain concerned with the economy and a weakening labor market.
- The University of Michigan Consumer Sentiment Index final reading for September was 55.1, which was a decrease from the second quarter.

University of Michigan Consumer Sentiment Index
as of 10/1/2025

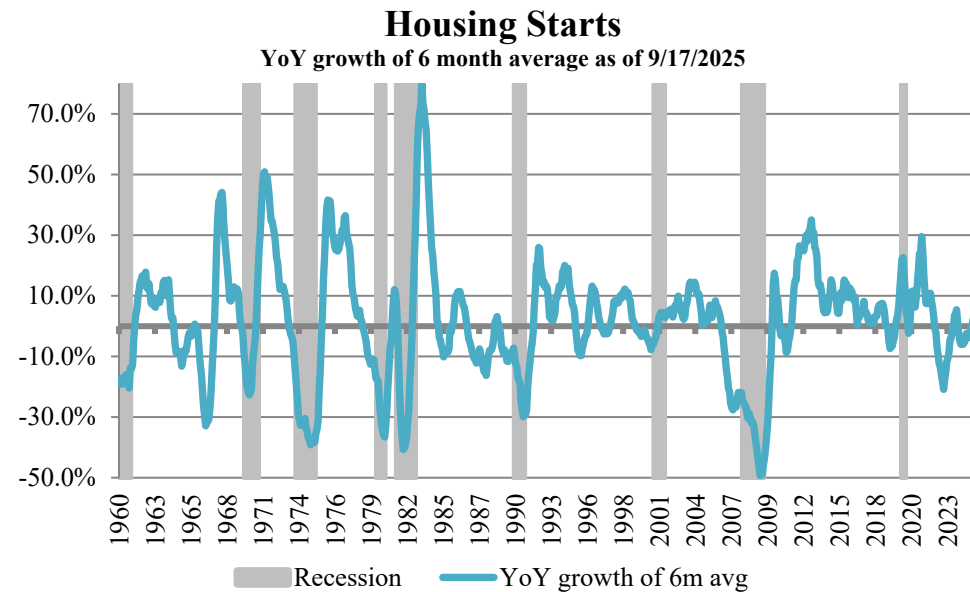


HOUSING

- S&P Case-Shiller U.S. National Home Price Index (seasonally adjusted) showed home prices increased 1.7% year-over-year in July.

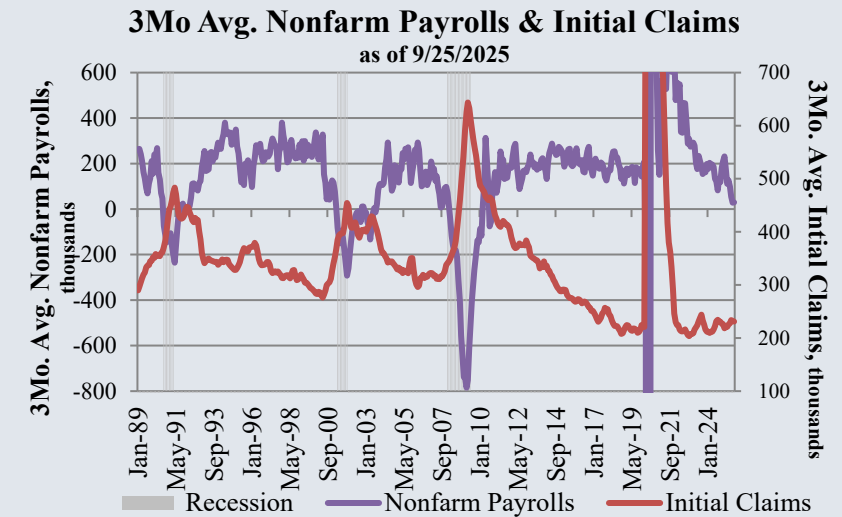


- Housing starts have remained subdued over the past two years, in part, due to higher financing costs. The housing market remains supply challenged.

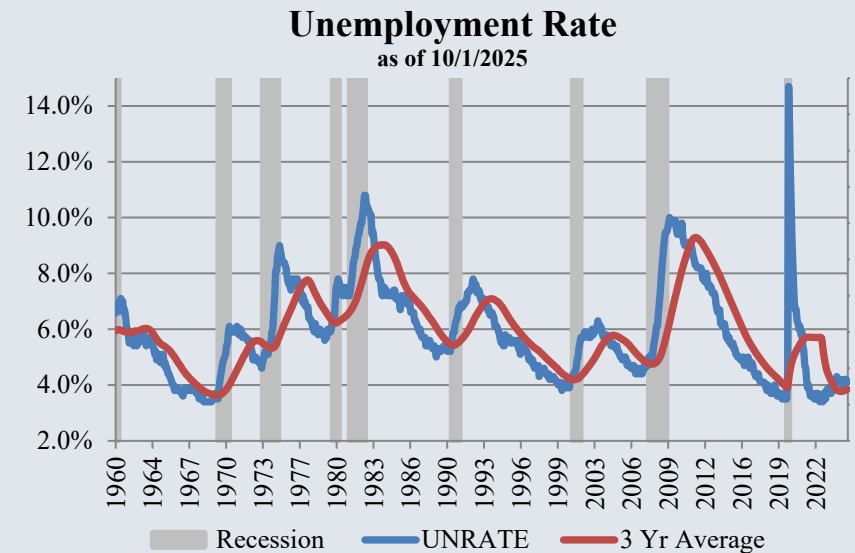


EMPLOYMENT

- During the quarter, nonfarm payrolls declined, averaging only 50,500 jobs added per month, but initial claims remain low.



- The unemployment rate increased slightly during the quarter to 4.3% and remains above its three-year average, showing potential weakness.

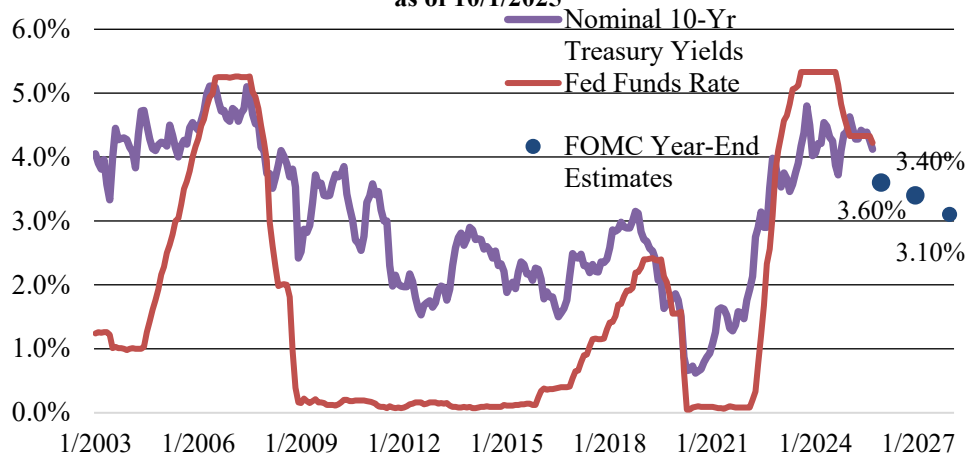


FED POLICY

- During the quarter, the Federal Open Market Committee (FOMC) held funds rate at 4.00%-4.25%. The Fed continues to forecast reducing rates over the next few quarters.

U.S. 10-Year Treasury Yield vs. Fed Funds Rate

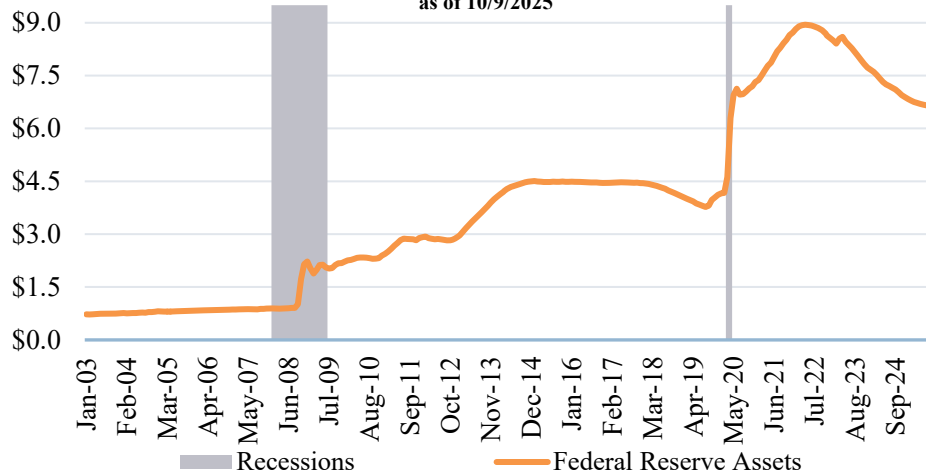
as of 10/1/2025



- The Fed continues to reduce its holdings of Treasuries and Agency MBS. In April, the Fed reduced the pace of its monthly Treasury securities runoff to \$5 billion, down from \$25 billion in previous months.

Federal Reserve Balance Sheet, assets in trillions \$

as of 10/9/2025



FIXED INCOME

- During the quarter, yields fell on the short-end of the U.S. Treasury curve. Yields on the intermediate to long-end of the curve were relatively unchanged. Short-term interest rates are controlled or heavily influenced by central banks, whereas long-term interest rates are affected by market forces and economic growth.

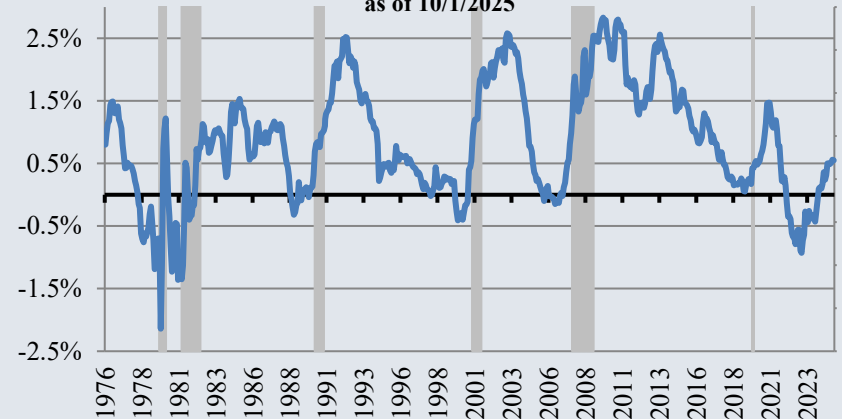
U.S. Treasuries Yield Curve Third Quarter 2025



- The spread between short and intermediate-term Treasuries remained positive. The curve had been inverted for over two years, the longest such occurrence. Historically, an inverted yield curve has signaled a recession. This time, while the overall economy avoided one, certain sectors, such as manufacturing, faced downturns.

U.S. Treasury Spread 10-year vs. 2-year

as of 10/1/2025



FIXED INCOME (continued)

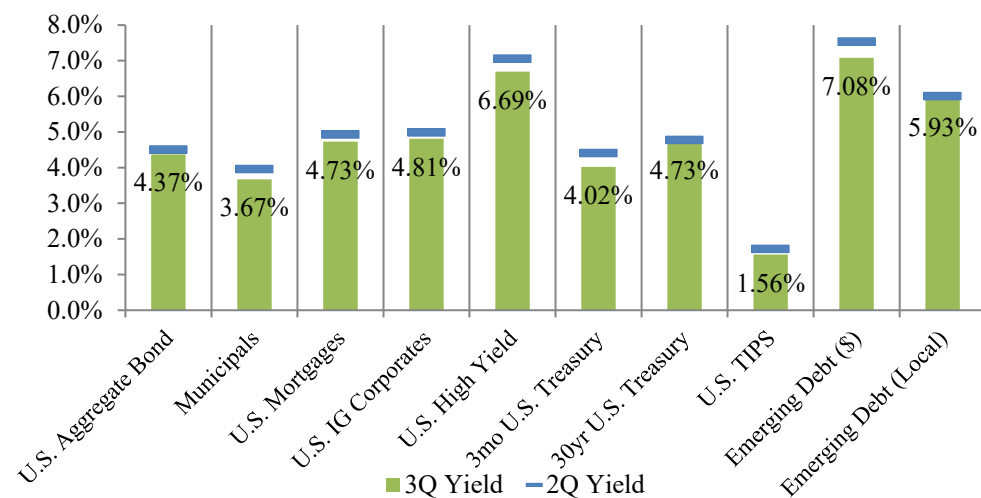
- During the quarter, the Bloomberg Barclays U.S. Aggregate was up 2.03%. Corporate bonds and Emerging Market Debt outperformed as credit spreads narrowed and the U.S. dollar depreciated. Munis rebounded and remain attractive.

	3Q 25 Return	1-Yr Return	5-Yr Return	10-Yr Return
U.S. Aggregate Bond	2.03%	2.88%	-0.45%	1.84%
Municipals	3.00%	1.39%	0.86%	2.34%
U.S. Mortgages	2.43%	3.39%	-0.14%	1.41%
U.S. IG Corporates	2.60%	3.63%	0.35%	3.12%
U.S. High Yield	2.54%	7.41%	5.55%	6.17%
3mo U.S. Treasury	1.08%	4.43%	3.03%	2.12%
30yr U.S. Treasury	2.10%	-5.53%	-9.85%	-1.04%
U.S. TIPS	2.10%	3.79%	1.42%	3.01%
Emerging Debt (\$)	4.75%	8.52%	2.27%	4.19%
Emerging Debt (LCL)	2.80%	7.35%	2.32%	3.54%

Bloomberg and JPMorgan Indices

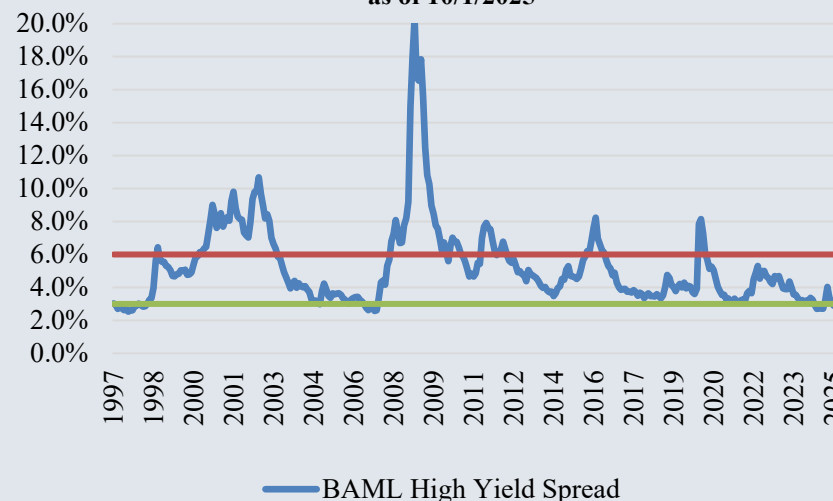
- Yields decreased during the third quarter and remain a positive source of income.

Fixed Income Yields Third Quarter 2025



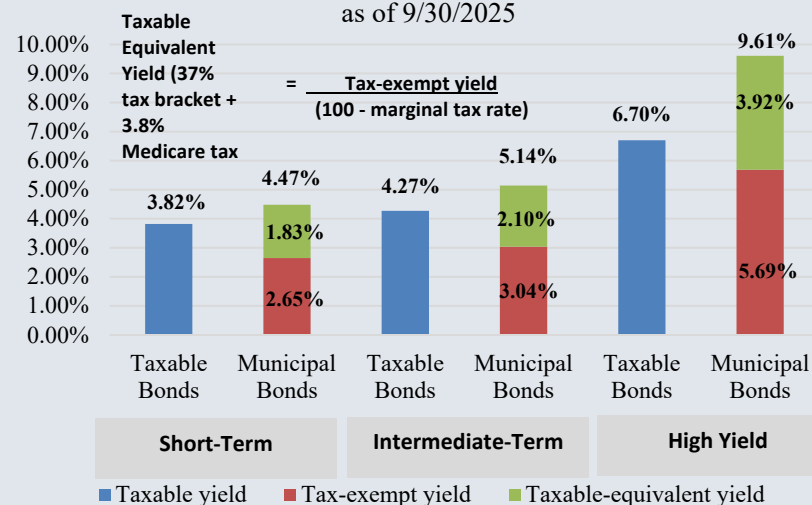
- Credit spreads narrowed during the quarter and remain near historically low levels.

Credit Spreads - High Yield as of 10/1/2025



- Municipals are currently more attractive relative to taxable bonds on an after-tax basis for investors in the highest marginal tax bracket.

Taxable and Tax-equivalent Yields as of 9/30/2025



DOMESTIC EQUITIES

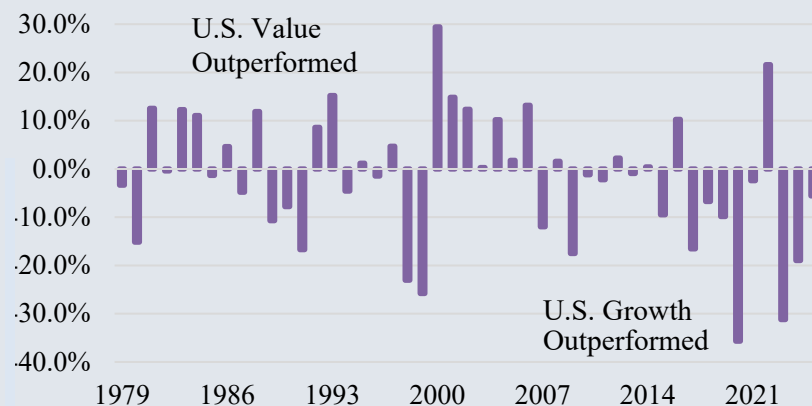
Third Quarter 2025 Returns			
	Value	Core	Growth
Mega Cap		10.7%	
Large Cap	5.3%	8.0%	10.5%
Mid Cap	6.2%	5.3%	2.8%
Small Cap	12.6%	12.4%	12.2%
Micro Cap	15.0%	17.0%	19.9%

- The Russell 1000 Index, comprising of large and mid-capitalization stocks, posted a positive total return of 8.0% during the third quarter. On a year-over-year basis, the Russell 1000 Index has increased 17.8%.
- Small capitalization stocks, as represented by the Russell 2000 Index, increased 12.4% during the third quarter. On a year-over-year basis, the index has increased 10.8%.

	S&P 500 Weight	Russell 1000 Value Weight	Russell 1000 Growth Weight	3Q 25 Return	1-Yr Return	10-Yr Return
Energy	2.9%	6.0%	0.3%	6.2%	4.4%	8.2%
Materials	1.8%	4.1%	0.3%	3.1%	-4.3%	10.8%
Financials	13.7%	22.8%	6.2%	3.2%	20.7%	13.6%
Industrials	8.3%	13.0%	5.9%	5.0%	15.7%	13.8%
Cons. Disc.	10.6%	7.8%	13.4%	9.5%	20.3%	13.8%
Technology	34.6%	10.5%	52.4%	13.2%	28.2%	25.2%
Comm. Services	10.2%	8.1%	11.6%	12.0%	35.6%	14.1%
Real Estate	1.9%	4.2%	0.4%	2.6%	-2.2%	7.6%
Health Care	8.7%	11.5%	6.6%	3.8%	-8.0%	9.7%
Cons. Staples	4.9%	7.6%	2.4%	-2.4%	0.5%	9.0%
Utilities	2.4%	4.5%	0.3%	7.6%	11.2%	10.9%
S&P 500 Index	100.0%	100.0%	100.0%	8.1%	17.6%	15.3%

- During the quarter, technology outperformed, while ten of eleven sectors had positive performances. Energy and Health Care have been notable laggards over the past year.

U.S. Value vs. Growth Relative Equity Performance (as of 9/30/25)

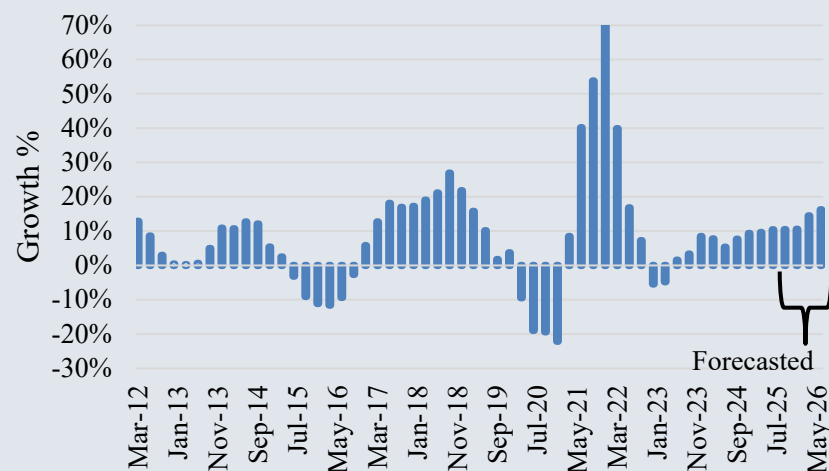


Russell 1000 Value TR vs. Russell 1000 Growth TR

- Growth outperformed Value during the quarter. Growth has outperformed for thirteen out of the past eighteen years, as large tech companies have grown earnings and market cap significantly.

S&P 500 Earnings Growth

Trailing 12-Month Operating Earnings Growth YoY (as of 10/21/2025)



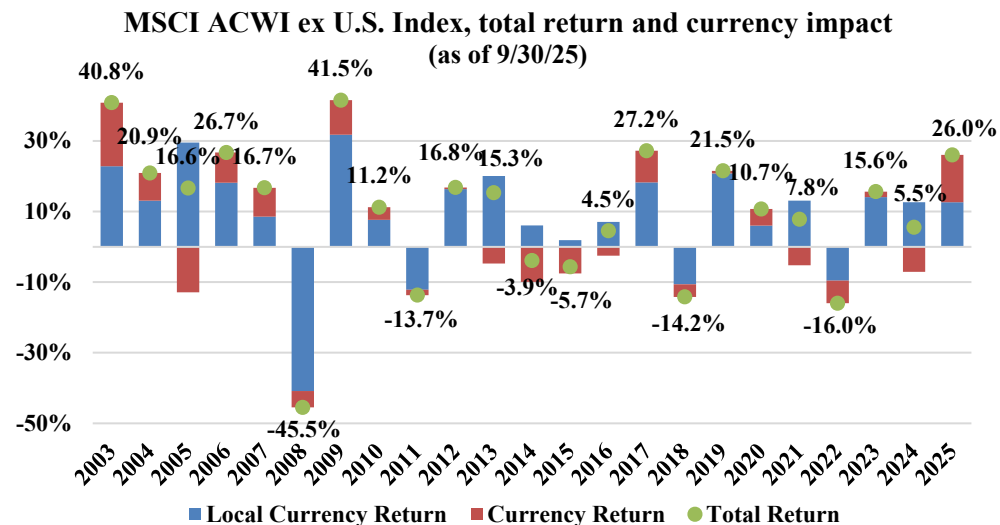
- Corporate earnings are expected to grow by nearly 10% in 2025, with profit margins remaining strong. Secular growth in AI continues to boost earnings.

INTERNATIONAL EQUITIES

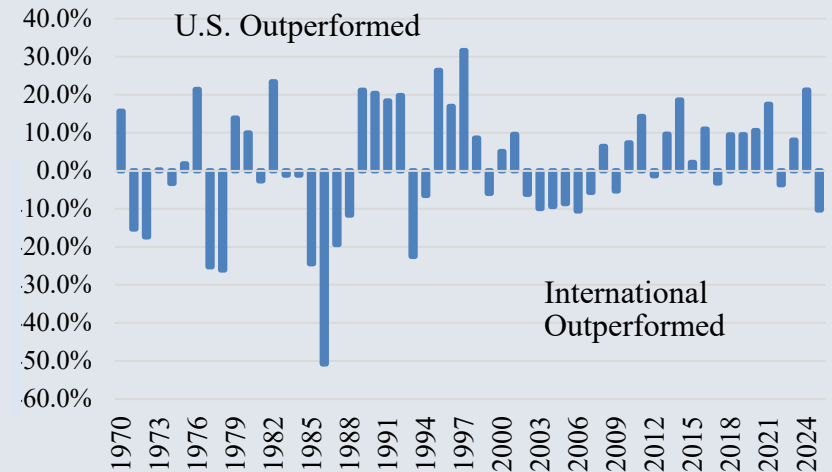
- Developed international stocks, as represented by the MSCI EAFE, were up 4.8% during the quarter, and up 15.0% on a year-over-year basis.
- Emerging market stocks outperformed developed markets during the third quarter as the MSCI Emerging Markets Index was up 10.6%. On a year-over-year basis, emerging market stocks are outperforming developed markets with a return of 17.3%.

	3Q 25 Return	1-Yr Return	5-Yr Return	20-Yr Return
World	7.6%	17.3%	13.5%	11.9%
World Ex-U.S.	6.9%	16.4%	10.3%	8.2%
EAFE	4.8%	15.0%	11.2%	8.2%
Europe	3.6%	15.1%	12.2%	8.1%
Japan	8.0%	16.4%	9.0%	8.2%
Pacific Ex-Japan	5.3%	9.7%	9.7%	8.2%
Emerging Markets	10.6%	17.3%	7.0%	8.0%
EM (Asia)	10.9%	16.4%	6.3%	8.8%
EM (Latin America)	10.2%	20.4%	13.5%	7.6%
EM (Eastern Europe)	1.9%	39.8%	-10.9%	-2.3%

- Currency has been additive to international equity returns year-to-date. The U.S. dollar has been very strong the past ten years, but currency trends tend to be cyclical.



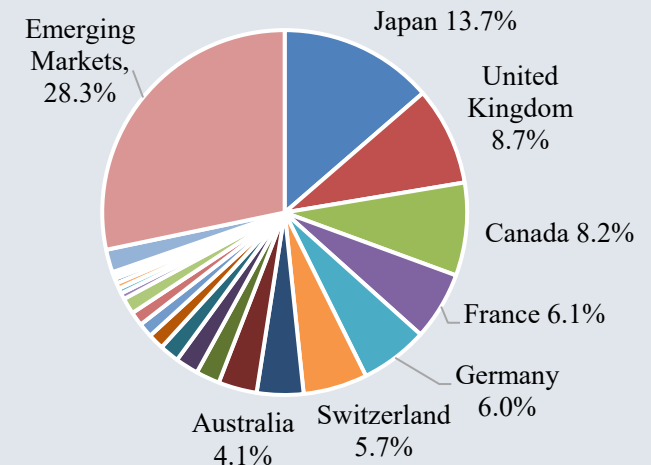
U.S. vs. International Equity Performance (as of 9/30/25)



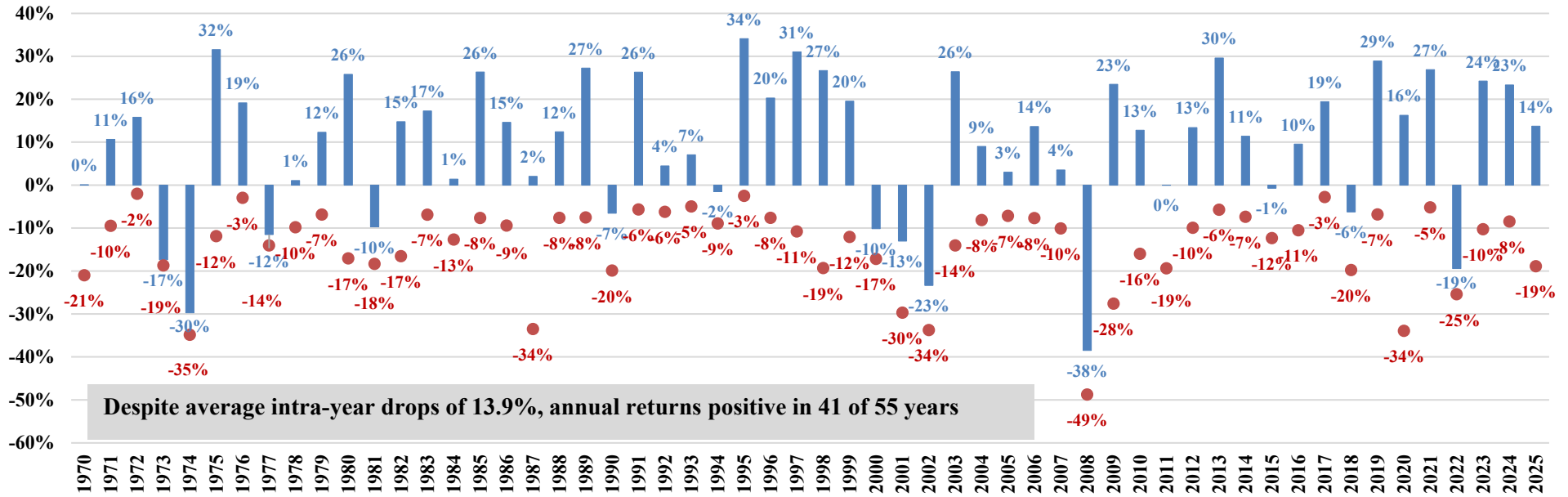
S&P 500 TR vs. MSCI EAFE NR

- International equities underperformed U.S. equities during the quarter; however, emerging markets outperformed. International equities have underperformed U.S. equities in twelve out of the last fifteen years. Performance is cyclical as shown in the chart above.

Country Weighting in MSCI ACWI ex U.S. (as of 9/30/25)



S&P 500 Intra-Year Declines vs. Calendar Year Returns

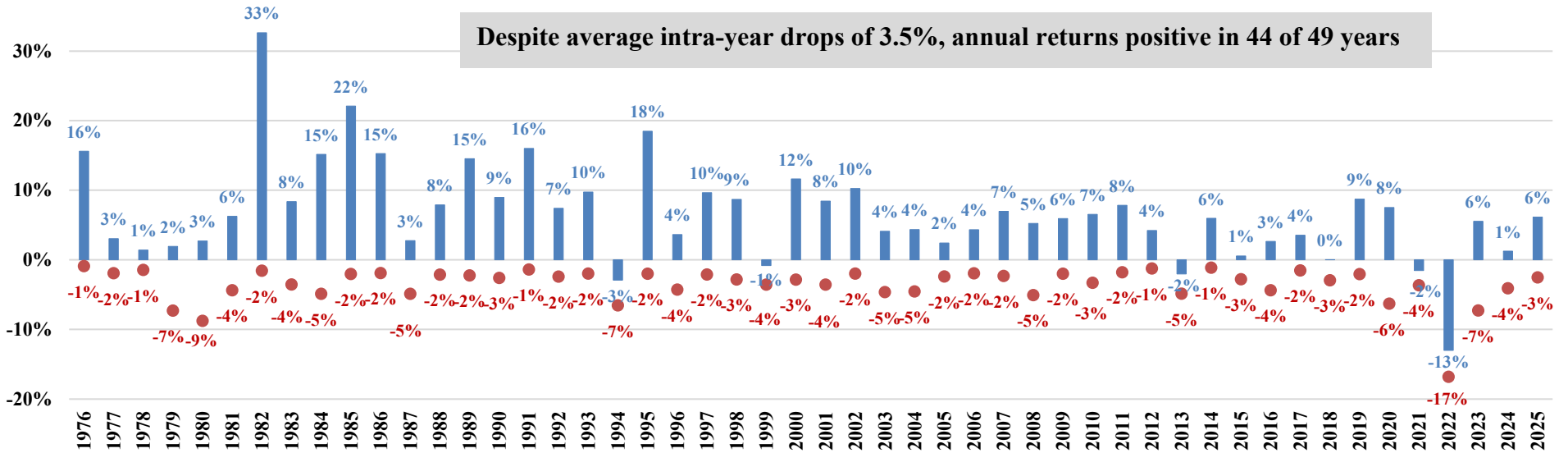


Returns are based on price index only, do not include dividends, as of 9/30/2025

■ S&P 500 Calendar Year Return

● Intra-Year Decline

Bloomberg U.S. Agg Bond Intra-Year Declines vs. Calendar Year Returns



Returns are based on total return, as of 9/30/2025

■ Bloomberg US Agg Bond Calendar Year Return

● Intra-Year Decline

Market leadership changes. Focus on asset allocation and diversification.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	10-yrs '15-'24 Return	10-yrs '15-'24 Volatility
	Real Estate 28.0%	Real Estate 2.8%	Small Cap 21.3%	Emerging Markets 37.8%	Cash 1.8%	Large Cap 31.5%	Small Cap 20.0%	Real Estate 41.3%	Commodities 16.1%	Large Cap 26.3%	Large Cap 25.0%	Emerging Markets 28.2%	Large Cap 13.1%	Small Cap 20.7%
	Large Cap 13.7%	Large Cap 1.4%	High Yield 14.3%	International 25.6%	Fixed Income 0.0%	Real Estate 28.7%	Emerging Markets 18.7%	Large Cap 28.7%	Cash 1.5%	International 18.9%	Small Cap 11.5%	International 25.7%	Small Cap 7.8%	Real Estate 17.7%
	Fixed Income 6.0%	Fixed Income 0.6%	Large Cap 12.0%	Large Cap 21.83%	Real Estate -4.0%	Small Cap 25.5%	Large Cap 18.4%	Commodities 27.1%	High Yield -12.7%	Small Cap 16.9%	Asset Allocation 10.2%	Large Cap 14.8%	Asset Allocation 6.4%	Emerging Markets 17.1%
	Asset Allocation 5.3%	Cash 0.0%	Commodities 11.8%	Small Cap 14.7%	High Yield -4.1%	International 22.7%	Asset Allocation 10.5%	Small Cap 14.8%	Fixed Income -13.0%	Asset Allocation 14.2%	High Yield 9.2%	Asset Allocation 12.9%	Real Estate 5.8%	Large Cap 15.4%
	Small Cap 4.9%	International -0.4%	Emerging Markets 11.6%	Asset Allocation 14.5%	Large Cap -4.4%	Asset Allocation 19.4%	International 8.3%	Asset Allocation 13.5%	Asset Allocation -13.9%	High Yield 14.0%	Emerging Markets 8.1%	Small Cap 10.4%	International 5.7%	International 15.2%
	Cash 0.0%	Asset Allocation -2.0%	Real Estate 8.6%	High Yield 10.4%	Asset Allocation -5.8%	Emerging Markets 18.9%	Fixed Income 7.5%	International 11.8%	International -14.0%	Real Estate 11.4%	Commodities 5.4%	High Yield 9.6%	High Yield 4.5%	Commodities 13.8%
	High Yield 0.0%	High Yield -2.7%	Asset Allocation 8.3%	Real Estate 8.7%	Small Cap -11.0%	High Yield 12.6%	High Yield 7.0%	High Yield 1.0%	Large Cap -18.1%	Emerging Markets 10.3%	Cash 5.3%	Commodities 9.4%	Emerging Markets 4.0%	Asset Allocation 10.3%
	Emerging Markets -1.8%	Small Cap -4.4%	Fixed Income 2.7%	Fixed Income 3.5%	Commodities -11.3%	Fixed Income 8.7%	Cash 0.5%	Cash 0.0%	Emerging Markets -19.7%	Fixed Income 5.5%	Real Estate 4.9%	Fixed Income 6.1%	Cash 1.8%	High Yield 8.6%
	International -4.5%	Emerging Markets -14.6%	International 1.5%	Commodities 1.7%	International -13.4%	Commodities 7.7%	Commodities -3.1%	Fixed Income -1.5%	Small Cap -20.4%	Cash 5.1%	International 4.4%	Real Estate 4.5%	Fixed Income 1.4%	Fixed Income 5.03%
	Commodities -17.0%	Commodities -24.7%	Cash 0.3%	Cash 0.8%	Emerging Markets -14.3%	Cash 2.2%	Real Estate -5.1%	Emerging Markets -2.2%	Real Estate -25.0%	Commodities -7.9%	Fixed Income 5.5%	Cash 3.3%	Commodities 1.3%	Cash 0.6%

Best

Asset Class Performance

Worst

Performance of all cited indices is calculated on a total return basis and includes dividend reimbursement. Indices are not available for direct investment. Past performance is not indicative of future results. It is important to remember that there are risks inherent in any investment and there is no assurance that any asset class or index will provide positive performance over time.

* Large Cap – S&P 500 Index

* Small Cap – Russell 2000 Index

* International – MSCI EAFE GR Index

* Emerging Markets – MSCI EM GR Index

The “Asset Allocation” portfolio assumes the following weights: 25% S&P 500, 10% Russell 2000, 15% MSCI EAFE, 5% MSCI EM, 25% Barclays Agg, 5% Barclays 1-3m Treasury, 5% Barclays Global High Yield Index, 5% Bloomberg Commodity Index, 5% FTSE NAREIT All Equity REIT Index

Source: Morningstar, through 9/30/2025

* Fixed Income – Barclays Capital Aggregate Bond Index

* Real Estate – FTSE NAREIT All Equity REIT Index

* Commodities – Bloomberg Commodity Index

* High Yield – Barclays Global High Yield Index

*Cash – Barclays 1-3m Treasury Index

Disclaimer:

Information and analysis provided in this market summary are for general and educational purposes only. Any opinions expressed in this summary are not intended to be accounting, legal, tax or investment advice.

Information contained in this market summary has been gathered from third parties, which are believed to be accurate and reliable. However, SilverOak Wealth Management LLC does not guarantee the accuracy or completeness of the data.

Investment decisions should be made based on an investor's specific circumstances taking into account items such as, risk tolerance, time horizon and goals and objectives. All investments have some level of risk associated with them and past performance is no guarantee of future success.