

Quarterly Recap

At-A-Glance

The S&P 500 ended the third quarter at 6,688.46, just 0.08% below its 28th record high of the year set on 9/22/25. The index has surged 35.07% from its April 8 correction low at 4,982.77.

The Dow Jones Industrial Average jumped 24.28% from the April 8 low, gaining 2.00% in September and 5.67% in Q3. The Dow 30 index ended the quarter at a new all-time high and is up 10.47% YTD.

Amongst the three major U.S. equity indices, the tech-heavy Nasdaq Composite performed best, gaining 5.68% in September, +11.41% in Q3, and +17.93% YTD. The broad Nasdaq Index has surged 48.88% from its April low.

Spurred higher by rising gold prices but moderated by falling crude oil, the Bloomberg Commodity Index rose 2.15% in September, extending its third quarter gain to 3.65% and YTD gain to 9.38%.

Gold futures advanced 10.16% last month, lifting its Q3 gain to 17.10% and YTD gain to 46.66%. Finishing the quarter at a new record high of \$3,873.20 per ounce, gold remains the best performing major asset class so far this year.

U.S. WTI Crude Oil futures fell 2.56% for the month, closing at \$62.37/barrel. Oil widened its Q3 decline to 4.21% amid repeated OPEC+ pledges to raise production, extending its YTD retreat to -13.04%.

Third Quarter 2025 Recap

Market Indices ¹	September	3Q 2025	YTD
S&P 500	3.65%	8.12%	14.83%
Russell 3000	3.45%	8.18%	14.40%
Russell 2000	3.11%	12.39%	10.39%
MSCI EAFE	1.91%	4.77%	25.14%
MSCI Emerging Markets	7.15%	10.64%	27.53%
Bloomberg US Aggregate Bond	1.09%	2.03%	6.13%
Bloomberg US Municipal Bond	2.32%	3.00%	2.64%
Bloomberg US Corporate High Yield	0.82%	2.54%	7.22%

¹FactSet (all equity performance is total return based, which include reinvested dividends).

U.S. stocks posted solid gains for the month and quarter with the S&P 500 delivering its best September performance in 15 years and capped its fifth straight winning month. Gains were driven by continued appetites for tech stocks while bond prices rose, and yields declined in anticipation of the Fed's first interest rate cut of the year. Expectations for up to two more rate cuts this year have also boosted investor sentiment, along with solid corporate earnings and diminishing evidence that elevated tariffs have caused excessive inflation.

The small-cap focused Russell 2000 Index registered its best quarterly performance since Q4 2023, gaining nearly 12.4%. It also reached a new all-time high on September 18, its first new record since November 2021. Small cap companies often rely more heavily on borrowing to fund their operations, and therefore when interest rates ease, their profitability typically increases.

International stocks continue to widely outperform the U.S. on a year-to-date (YTD) basis. After climbing nearly 4.8% in the third quarter, the MSCI EAFE index of developed markets excluding the U.S. has surged over 25% so far in 2025. Emerging markets broadly outperformed the U.S. for both the quarter and YTD, eclipsing the U.S. third second quarter gains by 2.5% and nearly double the U.S. YTD gain, returning 27.53% so far this year.

Treasury yields declined in the third quarter as Fed rate-cut expectations increased due to markets being focused more on employment risks than a reacceleration in inflation. Meanwhile, the final reading of second quarter GDP showed the U.S. economy expanded at an annualized rate of 3.8%, up from an earlier estimate of 3.3% and up from a 0.6% decline in the first quarter. News headlines about possible federal economic data blackouts and possible federal agency layoffs in the event of a government shutdown added a safe-haven element to investor sentiment at quarter end.

For more insights on the government shutdown, please see our [additional commentaries](#).

As shown in the style box performance boxes below, U.S. Large cap Growth continued to outpace Large cap Value last quarter, albeit with a smaller 5.18% differential than the 14.05% differential in the second quarter. Small cap stocks of all styles performed best in Q3, benefiting from the Fed's dovish interest rate outlook. Mid cap styles were the smallest gainers in the quarter. Continuing year-to-date returns trends, Large cap Growth (+17.24%) remains dominant as the single best equity style, outpacing Small cap Value (+9.04%), the smallest gainer, by an 8.2% differential.

September Returns				Quarterly Returns				Year-to-Date Returns			
	Value	Blend	Growth		Value	Blend	Growth		Value	Blend	Growth
Large Cap	1.49%	3.47%	5.31%	Large Cap	5.33%	7.99%	10.51%	Large Cap	11.65%	14.60%	17.24%
Mid Cap	1.27%	0.89%	-0.26%	Mid Cap	6.18%	5.33%	2.78%	Mid Cap	9.50%	10.42%	12.84%
Small Cap	2.01%	3.11%	4.15%	Small Cap	12.60%	12.39%	12.19%	Small Cap	9.04%	10.39%	11.65%

Source: Cetera Investment Management, FactSet, FTSE Russell. Returns shown are total return, which include dividends. Investors cannot invest directly in indexes. Data as of 9/30/2025.

Sector performance was again dominated by market leading gains in Technology and Communication Services, both driven by artificial intelligence (AI) tailwinds. Technology gained 13.19% for the quarter, downshifting from its 23.71% second quarter gain. Since its April 8 low, Technology has remarkably surged 61.07%. After gaining just over 12% in the third quarter, Communication Services is the best performing sector on a YTD basis, up 24.51%.

Top Sector Performers – September ¹		Bottom Sector Performers – September ¹	
Technology (+7.25%)		Energy (-0.43%)	
Communication Services (+5.60%)		Consumer Staples (-1.56%)	
Utilities (+4.16%)		Materials (-2.08%)	
Top Performers – Third Quarter ¹		Bottom Performers – Third Quarter ¹	
Technology (+13.19%)		Materials (+3.10%)	
Communication Services (+12.04%)		Real Estate (+2.59%)	
Consumer Discretionary (+9.54%)		Consumer Staples (-2.36%)	
Top Performers – YTD 2025 ¹		Bottom Performers – YTD 2025 ¹	
Communication Services (+24.51%)		Consumer Discretionary (+5.30%)	
Technology (+22.31%)		Consumer Staples (+3.89%)	
Industrials (+18.38%)		Health Care (+2.61%)	

¹FactSet (all S&P 500 sector performance percentages are total return based, which include reinvested dividends). Data as of 9/30/2025.

In detailed fixed-income performance, U.S. Treasurys (as measured by the Bloomberg U.S. Government Bond Index) gained 0.84% in September, boosting returns for the quarter (+1.51%) as well as for the year (+5.35% YTD). Longer-term U.S. Government bonds returned 3.08% last month, which more than erased its prior quarter loss to turn positive for the third quarter (+2.49%) while boosting its YTD gain to 5.65%.

In other fixed-income assets, investment-grade bonds of all types (as measured by the Bloomberg U.S. Aggregate Bond Index) gained 1.09% for the month, 2.03% for the quarter and 6.13% YTD. Non-investment-grade High-Yield corporate bonds rose 0.82% last month and advanced 2.54% in the third quarter. High yield corporates are solidly higher for the year, up 7.22% YTD.

U.S. municipal bonds climbed 2.32% in September, its best monthly return since December 2023. The outperformance lifted its third quarter and YTD gains to 3.00% and 2.64% respectively.

This report is created by Cetera Investment Management LLC. [@CeteraIM](#)



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Glossary

The **Bloomberg U.S. Aggregate Bond Index** is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included.

The **Bloomberg U.S. Municipal Bond Index** covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity, but in practice the index holding have a fluctuating average life of around 12.8 years.

The **Bloomberg U.S. Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years.

The **Bloomberg U.S. Government Bond Index** is comprised of the U.S. Treasury and U.S. Agency Indices. The index includes U.S. dollar-denominated, fixed-rate, nominal US Treasuries and US agency debentures (securities issued by US government owned or government sponsored entities, and debt explicitly guaranteed by the US government).

The **Bloomberg Commodity Index** is a broadly diversified index that allows investors to track commodity futures through a single, simple measure. It is composed of futures contracts on physical commodities and is designed to minimize concentration in any one commodity or sector. It currently includes 19 commodity futures in five groups. No one commodity can comprise less than 2% or more than 15% of the index, and no group can represent more than 33% of the index (as of the annual re-weightings of the components).

The **Cboe Volatility Index® (VIX®)** is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

The **MSCI EAFE** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **MSCI All-Country World Index (ACWI)** is a market cap weighted index designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 26 emerging markets, covering more than 2,700 companies across 11 sectors and approximately 85% of the free float-adjusted market capitalization in each market.

The **Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.

The **S&P BSE SENSEX Index** is a free-float market-weighted index of 30 well-established and financially sound stocks on the Bombay Stock Exchange, representative of various industrial sectors of the Indian economy.

The **S&P 500** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **Nasdaq Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad-based capitalization-weighted index.

The **Shanghai Composite Index** is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000. It has since reached a February 1985 high of 164.720, and has been as low as 70.698 in March 2008.

West Texas Intermediate (WTI) is a crude oil stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams. WTI is the underlying commodity of the New York Mercantile Exchange's oil futures contracts.