Weekly Update – September 8, 2025

Market Returns Ending 9/5/2025			
Category	**1 Week**	**QTD**	**YTD**
US			
Large Cap	0.4%	4.7%	11.2%
Mid Cap	1.2%	8.5%	9.0%
Small Cap	1.1%	10.2%	8.2%
International			
Developed	-0.8%	2.1%	22.4%
Emerging	0.3%	3.8%	19.9%
Bonds			
Aggregate	0.5%	1.4%	5.5%
High Yield	0.1%	1.8%	6.5%

US Equity Style Returns

Weekly

	Value	Core	Growth
Large	0.0	0.4	0.8
Mid	0.5	0.3	-0.1
Small	1.2	1.1	1.0

YTD

	Value	Core	Growth
Large	10.0	11.2	12.2
Mid	8.6	9.8	13.0
Small	8.0	8.2	8.2

Source: Bloomberg

Key Events: A weakening employment picture

Disappointing employment data validated concerns that the US economy may be slowing; the economy added a paltry 22,000 jobs, well below expectations, while the unemployment rate ticked up to 4.3% (See chart below).

There was positive news, however. Manufacturing new orders grew, while the Atlanta Fed GDPNow model maintained a 3% growth estimate for the third quarter.

Market review: Quiet post-holiday market action

Despite the market's proclivity for September volatility. markets remained calm this week, US stocks and bonds rose slightly as the weaker employment situation has led to greater confidence in a September rate cut.

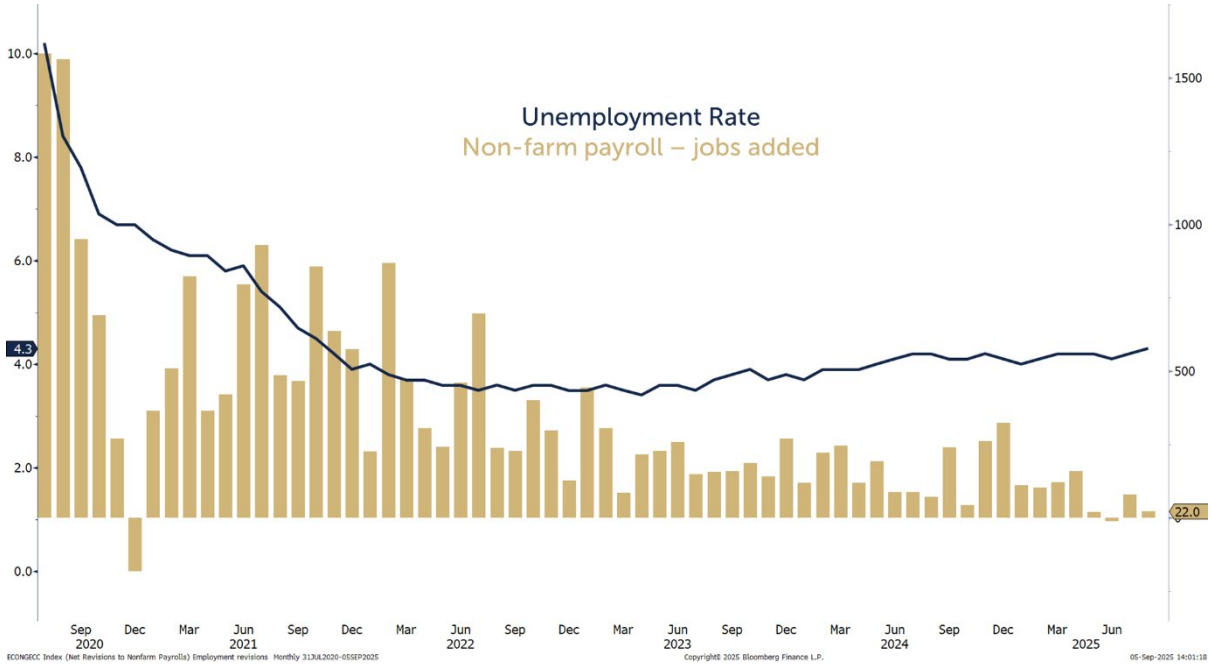
Outlook: Weakening labor, weakening economy?

Equity performance remains robust despite a cooling labor market, buoyed by steady capital investment and ongoing fiscal support. Market breadth has improved, with gains spread across styles and market caps. This shift suggests investors are recalibrating toward more balanced exposures after a period of narrow leadership.

We've long flagged the risks of excessive concentration in equity markets, and recent performance hints at a constructive rotation underway. Small-caps surged 10% in the third quarter — twice the return of the S&P 500 — indicating renewed investor interest in previously overlooked areas. This broadening of returns may signal a healthier market regime where fundamentals reassert their influence, valuations regain relevance, and diversification once again proves its worth.

We continue to emphasize the importance of maintaining diversified portfolios across asset classes, market capitalizations, and geographies. This approach positions investors to capture emerging opportunities while managing downside risks in an evolving macro environment.

Weak job creation and a slowing increasing unemployment rate



Source: Bloomberg Intelligence

OneAscent Navigator Outlook: September 2025

VALUATION

- Bond yields remain attractive, but credit risk is paying the smallest premium since '08 crisis.
- Small-cap P/E discount is historically wide versus Large caps and the relationship between the two has flipped.
- All-time highs in US equity valuations supports diversification across asset classes.

ECONOMY

- Growth expectations have continued to recover from tariff fears.
- Inflation levels stuck above Federal Reserve target levels.
- Earnings outlook improving for the rest of the market while the Mag-7 decelerates.

SENTIMENT

- CEO confidence recovers, with 64% expecting no recession.
- Investor sentiment continues to hover around neutral levels.
- Rebound from recent consumer sentiment lows suggests positive returns ahead.

TECHNICAL

- Remarkably low levels of volatility accompany continued stock market highs.
- International stocks finally made new highs, but momentum may be stretched.
- Surging interest expense adds to Federal budget concerns.

NEGATIVE | SLIGHTLY NEGATIVE | NEUTRAL | SLIGHTLY POSITIVE | POSITIVE

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[i] Market Returns reference the following indices: Large Cap – S&P 500, Mid Cap Growth – Russell Midcap growth, Mid Cap Value – Russell Midcap Value, Small Cap – Russell 2000, Developed – MSCI EAFE, Emerging – MSCI Emerging Markets, Aggregate – Bloomberg US Aggregate, High Yield – Bloomberg High Yield