Weekly Update – October 20, 2025

Market Returns Ending 10/17/2025			
Category	1 Week	QTD	YTD
US			
Large Cap	1.7%	-0.3%	14.5%
Mid Cap	2.2%	-0.2%	9.3%
Small Cap	2.4%	0.7%	11.1%
International			
Developed	0.7%	0.4%	26.3%
Emerging	-0.3%	1.2%	29.7%
Bonds			
Aggregate	0.5%	1.0%	7.2%
High Yield	0.5%	-0.2%	7.1%

US Equity Style Returns

Weekly

	Value	Core	Growth
Large	1.7	1.7	1.7
Mid	1.6	1.4	1.0
Small	2.6	2.4	2.3

YTD

	Value	Core	Growth
Large	11.2	14.2	16.9
Mid	7.9	9.0	11.8
Small	9.0	11.1	13.1

Source: Bloomberg

Key Events: Credit concerns continue to mount

Earnings from major money center banks were strong early in the week, but two regional banks revealed credit losses due to fraud on Thursday[i]. These disclosures sparked a sell-off for the financial sector, weighing heavily on market sentiment. Gold prices surged and the 10-year yield dipped below 4% on the news.

Market review: Markets rebound amid choppy trading

Markets recovered firmly from last Friday's sharp sell-off, with risk assets posting solid gains despite volatile trading. However, persistent credit concerns tempered optimism.

Bond prices rose as investors sought safety, pushing yields modestly lower.

Outlook: Does Gold surge signal trouble ahead?

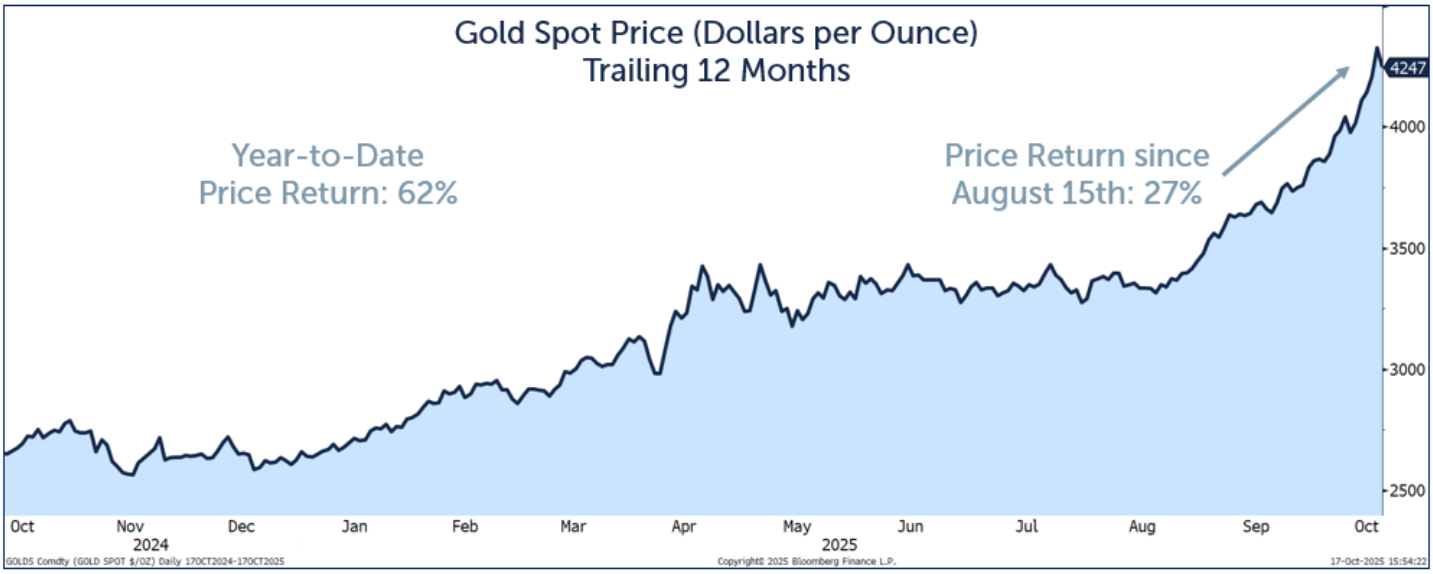
The recent surge in gold prices has raised questions about potential risks on the horizon. Factors such as a weakening US dollar throughout 2025, ongoing inflation fears from escalating tariffs, and mounting credit concerns – exacerbated by two recent bankruptcies – are driving investor interest in gold as a safe-haven asset.

A recent study by Bloomberg Strategist Nathaniel Welnhofer suggests that "gold rallies aren't a bearish signal for stocks"[ii]. His analysis of 25 years of data shows that when both gold and the S&P 500 post trailing 12-month returns above 10%, the average one-year forward equity return exceeds 12%[iii].

While gold's strength doesn't necessarily signal equity declines, investors remain cautious due to long-term ramifications from the current trade war, rising debt and deficits, an upcoming change at the Federal Reserve, and questions about the US dollar's status as the world's primary reserve currency. These uncertainties are prompting increased gold exposure as a hedge against the global financial system[iv].

Despite these challenges and the current government shutdown, the economy continues to demonstrate resilience. We recommend that investors prioritize diversification and balance to manage risk effectively in this environment.

Surging gold price reflects mounting concerns amongst investors



Source: *Bloomberg.*

OneAscent Navigator Outlook: October 2025

VALUATION

- Bond yields remain attractive relative to the earnings yield for equities.
- Significant valuation premium persists for Large caps relative to the overall S&P 500.
- Growth minus Value forward P/E spread is at the high end of the historical range.

ECONOMY

- US Economic data surprised to the upside in September.
- Auto and Credit Card delinquencies highlight potential economic weakness.
- Earnings outlook remains solid even though the growth forecast for 2026 looks optimistic.

SENTIMENT

- Despite rate cuts, inflationary pressures prevent a dovish Federal Reserve mindset
- Investor sentiment continues to hover around neutral levels.
- Despite high levels of uncertainty, small business optimism continues to recover.

TECHNICAL

- While the stakes are high, history suggests decent returns following the shutdown.
- Global equity market breadth may be pausing after a strong move higher.
- Profitless technology stocks more than doubled in the 3rd Quarter, a sign of heightened speculation.

NEGATIVE | SLIGHTLY NEGATIVE | NEUTRAL | SLIGHTLY POSITIVE | POSITIVE

This material is intended to be educational in nature[v], and not as a recommendation of any particular strategy, approach, product or concept for any particular advisor or client. These materials are not intended as any form of substitute for individualized investment advice. The discussion is general in nature, and therefore not intended to recommend or endorse any asset class, security, or technical aspect of any security for the purpose of allowing a reader to use the approach on their own. Before participating in any investment program or making any investment, clients as well as all other readers are encouraged to consult with their own professional advisers, including investment advisers and tax advisors. OneAscent can assist in determining a suitable investment approach for a given individual, which may or may not closely resemble the strategies outlined herein.

---

[i] Source: Bloomberg: "Dimon's Cockroaches Keep Appearing" by Paul J. Davis.

[ii] Source: Bloomberg: "Factor Friday: Gold Up, Stocks Still Fine" by Christopher Cai, Gillian Wolff and Nathaniel Welnhofer, dated 10/17/2025.

[iii] Source: Bloomberg: "Factor Friday: Gold Up, Stocks Still Fine" by Christopher Cai, Gillian Wolff and Nathaniel Welnhofer, dated 10/17/2025.

[iv] Source: Bloomberg: MacroScope Column – "Gold's Wild Rise Is a Sign Something Bigger Is Afoot" by Simon White.

[v] 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