

MONTH IN REVIEW

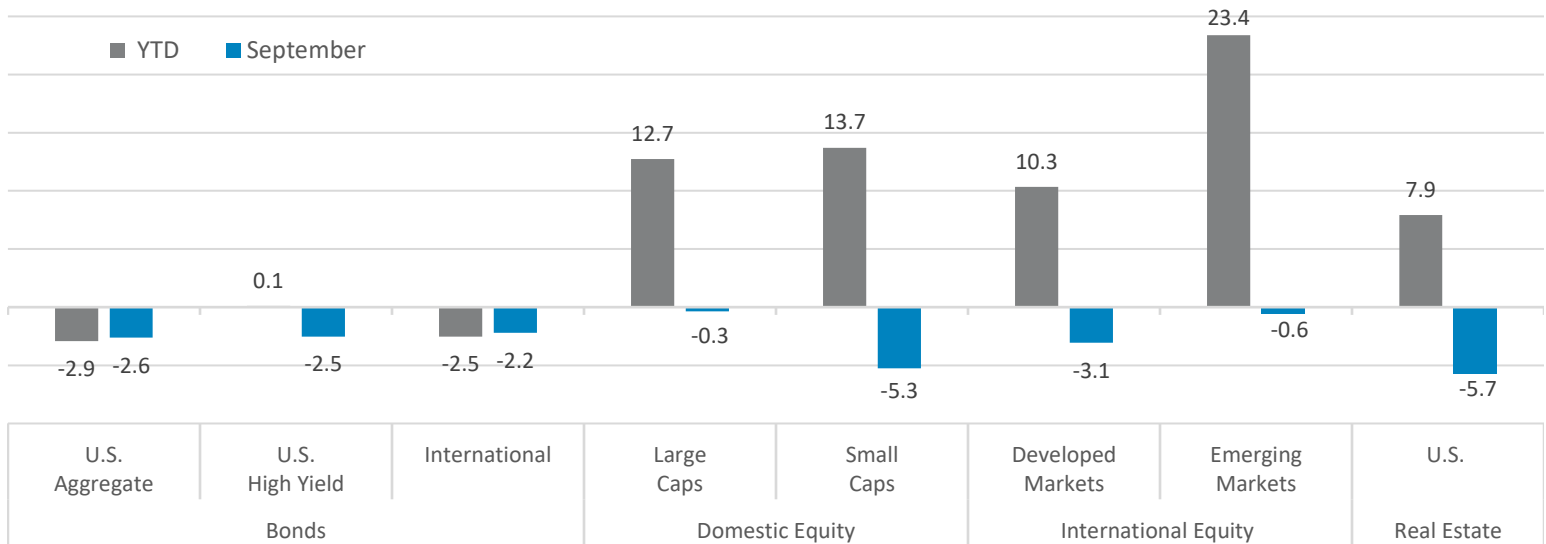
SEPTEMBER 2026

Quick Takes

- **Equities Narrowed.** The S&P 500 declined 0.3% in September while the equal-weight S&P 500 fell 4.8% as mega-cap tech buoyed the index while the median stock declined. Small caps posted their worst month since March 2025 as rising rates weighed on businesses with higher leverage.
- **Inflation & Interest Rates.** Headline CPI held at 3.4% YoY in August, as gas prices rose 27.4% YoY. Yields continued higher across the curve in September, with the 10Y Treasury closing September at 5.28%, and the 30Y crossing 5.6%, both the highest since 2002.
- **The Fed Hikes.** The FOMC voted unanimously to raise rates by 25 basis points to 3.75%-4.00% on September 16, the first hike since 2023. The decision followed stubborn energy-driven inflation from the Iran War and a surprise jump in the labor market. The dot plot implies one more hike in 2026.
- **Iran War Escalates.** Drone strikes launched from Iraq in early September shut down Saudi Arabia's East-West pipeline, the kingdom's main export route around the Strait of Hormuz. Brent crude briefly neared \$110, before settling near \$100 at month-end, widening its premium over WTI crude.

Asset Class Performance

Equities fell in September, with mega-cap U.S. tech stocks holding large caps nearly flat. Internationally, developed markets lagged as a stronger dollar added to losses, while emerging markets AI exposure helped dampen their losses. Bonds sold off broadly as yields rose, with high yield's shorter duration helping it edge out the aggregate.



Source: Bloomberg, Goldman Sachs Investment Research, as of September 30, 2026. Asset-class performance is presented by using total returns for an index proxy that best represents the respective broad asset class. U.S. Bonds (Barclays U.S. Aggregate Bond TR), U.S. High Yield (Barclays U.S. HY 2% Issuer-Capped TR), International Bonds (Barclays Global Aggregate ex USD TR), Large Caps (S&P 500 TR), Small Caps (Russell 2000 TR), Developed Markets (MSCI EAFE NR USD), Emerging Markets (MSCI EM NR USD), Real Estate (FTSE NAREIT All Equity REITS TR).

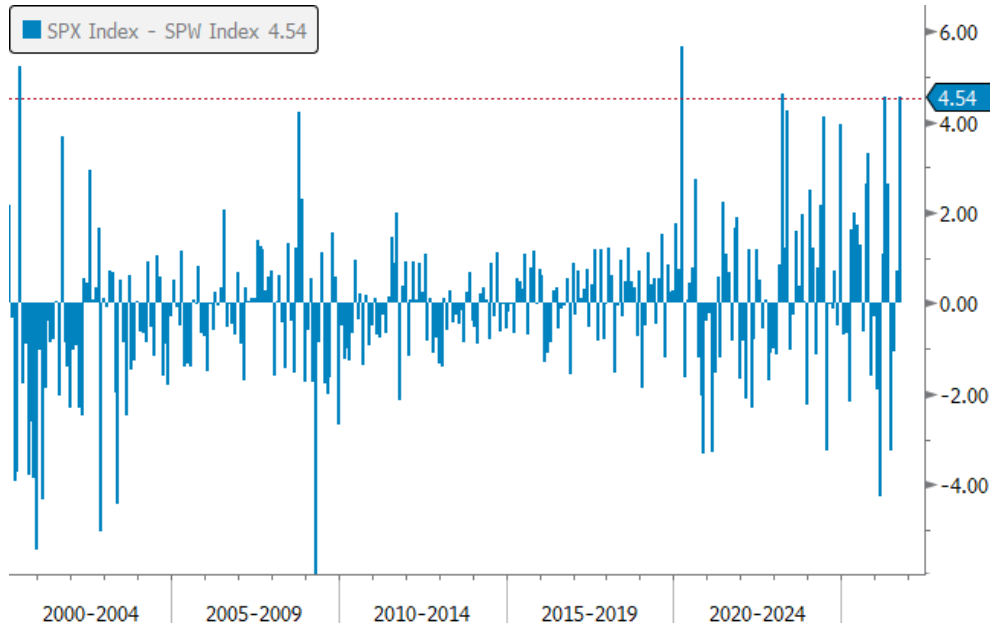
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Markets & Macroeconomics

The Fed hikes as underlying breadth narrows

Cap-Weighted vs. Equal-Weight S&P 500 Monthly Return Spread

September's gap was among the largest since 2000



Source: Bloomberg

Markets in September were driven by the same forces as August, with high energy prices and rising bond yields once again taking center stage. On the energy front, Brent crude surged back above \$100 after drone strikes forced Saudi Arabia to take a key oil pipeline temporarily offline, stirring worries over supply and further attacks on critical infrastructure. National average gas prices reached as high as \$4.50 per gallon, continuing to weigh on consumers, as the University of Michigan's consumer sentiment index fell 3.6 points to 48.1 and the Conference Board's Consumer Confidence index dropped to 81.9 from 89.4. Headline CPI held at 3.4% YoY in August, driven by energy, with other motor fuels up 44.0%, while core CPI eased to 2.4% YoY even as its monthly pace rose to 0.3%. Producer prices pointed to further pressures, with headline PPI rising 0.4% in August and 5.4% YoY. Adding to the Fed's case is a labor market that remains largely stable.

The U.S. added 162,000 jobs in August, surpassing estimates of 55,000 and July's figure was revised to a gain of 21,000 from an initial decline. The FOMC voted unanimously at its September meeting to raise rates to 3.75%-4.00%, its first hike since 2023, with Fed Chair Warsh describing the move as removing a "dose of

accommodation." The current September dot plot implies an additional rate hike before year-end, with a few late-month releases offering some relief: core PCE held at 3.0% in August after revisions lowered July's reading, and Q2 GDP rose from 1.5% to 2.2% in its final revision. Bond markets extended their selloff, with the 2Y Treasury rising about 55 basis points over the course of the month as markets priced in a Fed hiking cycle and the 30-year mortgage rate climbed past 7.2% in late September, according to Bankrate.com. In equities, the market cap-weighted S&P 500 hid a broad decline underneath the surface as AI-related tech stocks rallied over the course of the month. According to Bloomberg, the median S&P 500 stock fell 5.1% in September, with the equal-weighted S&P 500 falling 4.8%. In comparison, the S&P 500 Information Technology sector returned 4.5% and the Philadelphia Semiconductor Index 9.6% over the same time period.

Bottom Line: The Fed raised rates in September as energy inflation remains, while the market's resilience increasingly relies on a handful of AI stocks. With the October FOMC meeting and Q3 earnings soon, investors will look to see whether the Fed hikes before year-end.

S&P 500 vs 10Y Treasury Yields 1Y

Yields continued higher in September while the S&P 500 held near flat



Source: Bloomberg

September 2026

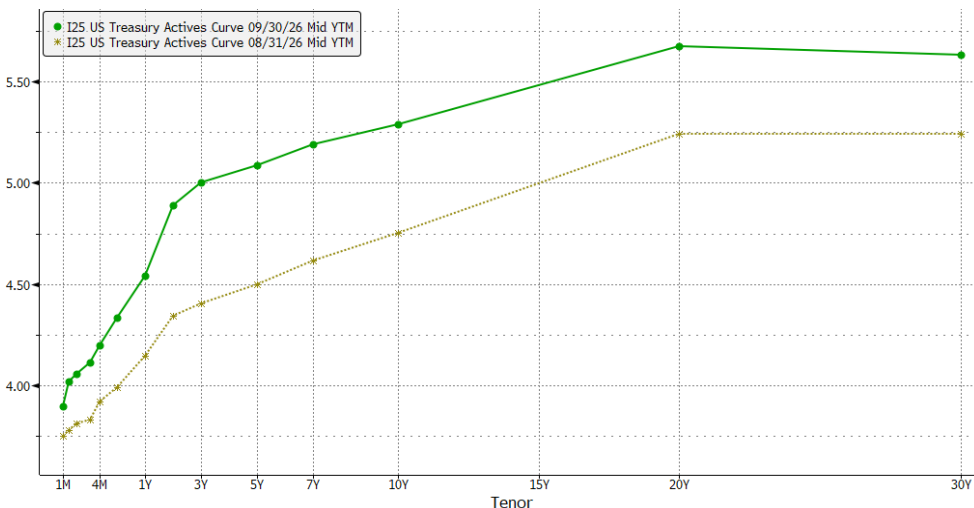
What's Ahead

The Selloff Moves Down the Curve

Treasury yields rose across the curve in September, extending a three-month bond selloff whose drivers have shifted along the way. Earlier this summer, the selloff began at the long end, with the 30-year Treasury rising above 5.25% in July as renewed escalation in Iran, worries over the persistence of the energy shock, and a divided Fed offering limited guidance pushed long-dated yields higher. Pressure on the long end continued building in mid-August, as concerns over the growing U.S. deficit, Japan trimming its Treasury holdings at the fastest rate since 2022, and a slew of long-dated AI-related corporate debt issuances competed at the long end for the same buyers. At the end of August, however, Fed Chair Warsh struck a hawkish tone at the annual Jackson Hole Economic Policy Symposium, shifting pressure to the front end of the curve. For the month, the 30-year finished largely flat, while the 2-year jumped about 17 basis points in the final week as markets increasingly priced in a rate hike. September marked the third month of the selloff, with rising yields broadening across the curve. The 2-year rose roughly 55 basis points, the 10-year about 53 basis points, and the 30-year around 39 basis points.

U.S. Treasury Yield Curve: August 31 vs. September 30

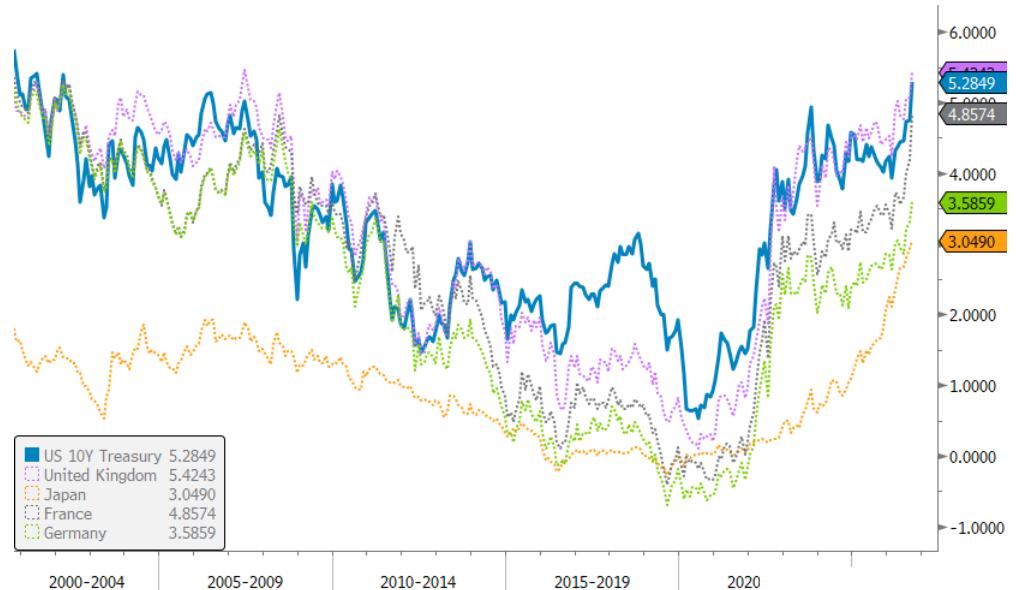
Yields rose across all maturities in September.



Source: Bloomberg

10-Year Government Bond Yields Since 2000

Developed market yields have climbed to multi-year highs.



Source: Bloomberg

A surprisingly strong August jobs report and sticky energy-driven inflation led the FOMC to vote unanimously for a 25-basis-point hike in September, with strong business activity and Brent crude above \$100 adding further pressure late in the month. The selloff had spread globally by this point, with the UK's 30-year gilt yield hitting

5.9%, the highest since 1998, as traders priced in rate hikes from the Bank of England. Additionally, Japan's 10-year climbed above 3.0%, its highest since 1996, and French and German 10-year yields reached their highest point since 2008. The common thread across the past three months has been the persistence of elevated energy prices and the response of central banks to the associated inflation. In the U.S., other factors have amplified this pressure at times, including fiscal concerns, softer foreign demand for Treasuries, and corporate bond supply. As of the end of September, the 10-year reached 5.28% and the 30-year 5.63%, both at their highest yield since 2002. Moving forward, markets will continue to watch the posture of the Fed, after its September dot plot implied another 25-basis-point hike before year-end.

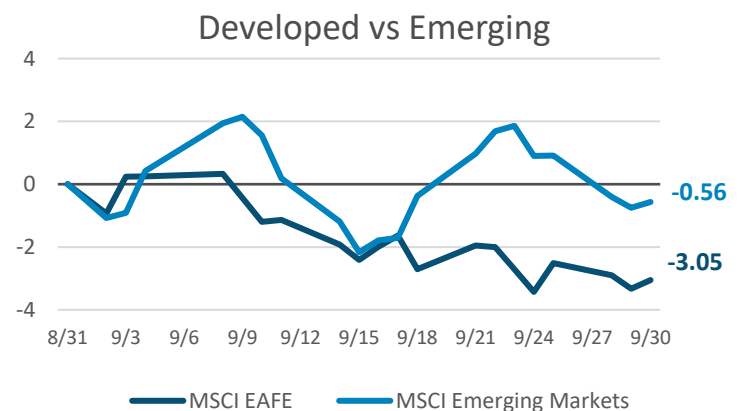
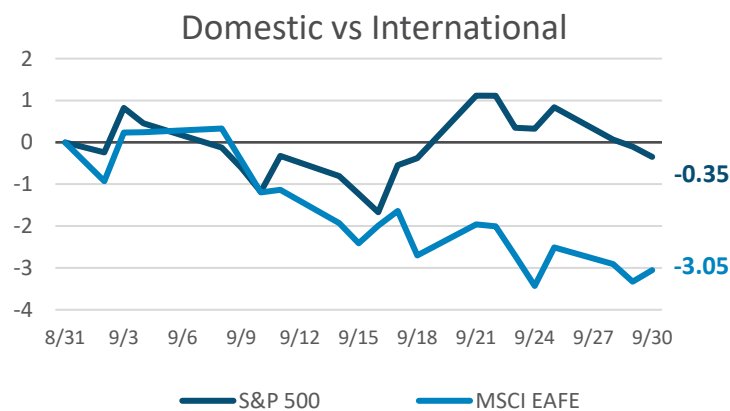
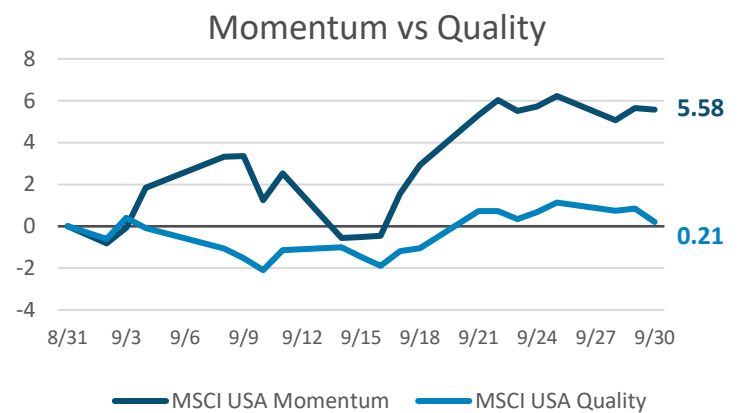
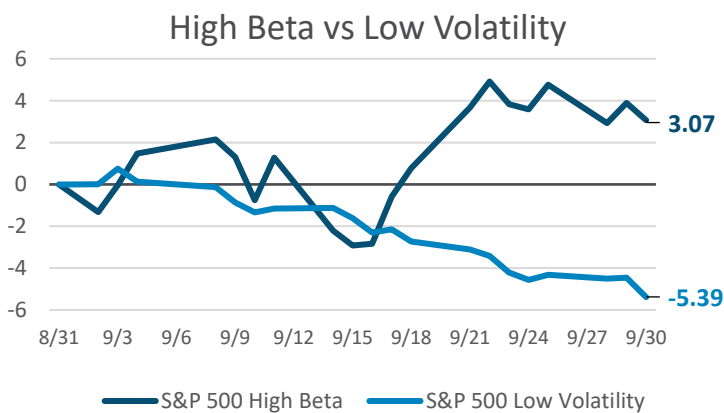
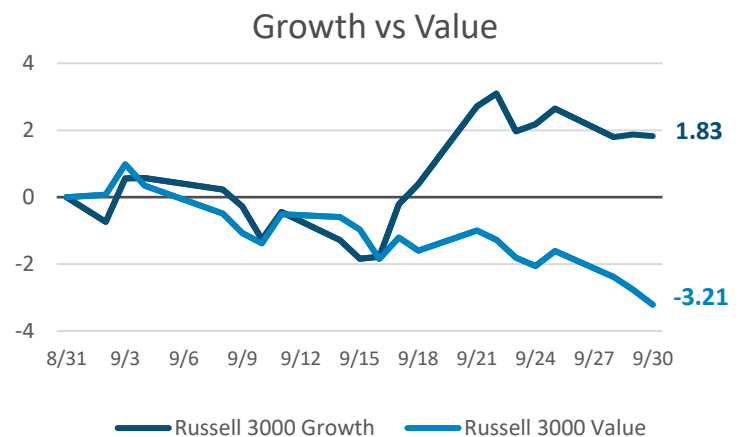
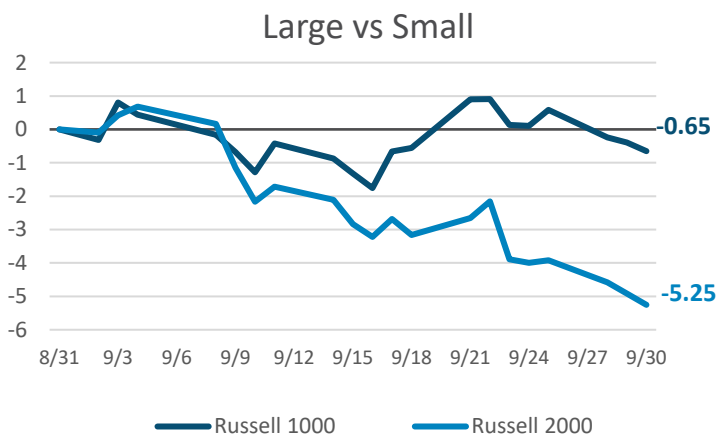
Bottom Line: What began as a selloff in the long end has spread to bond markets worldwide. Energy inflation and the central banks' response to it remain the key variables from here.

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Equity Themes

What Worked, What Didn't

- **Large Caps Outperformed Small while Growth Beat Value.** A choppy market held large cap stocks near flat while a higher rate environment pressured small caps and value stocks.
- **High Beta and Momentum Outperformed.** A continued rally in tech names drove high beta past low vol while momentum similarly outperformed quality.
- **Domestic Over International, Emerging Beat Developed.** Domestic markets bested international as AI names boosted the index, while EM stocks declined less than their DM peers.



Source: Bloomberg.

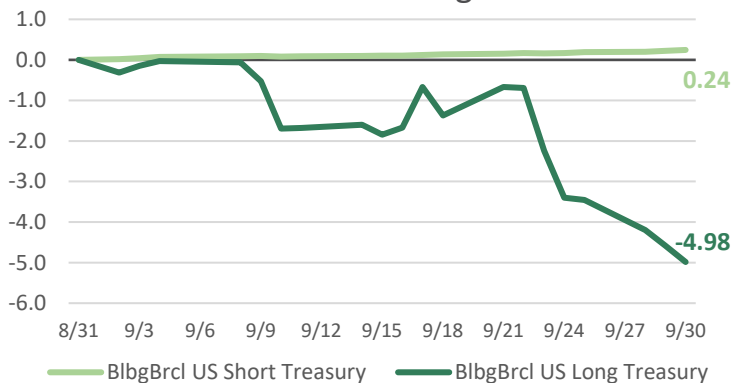
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Bond Themes

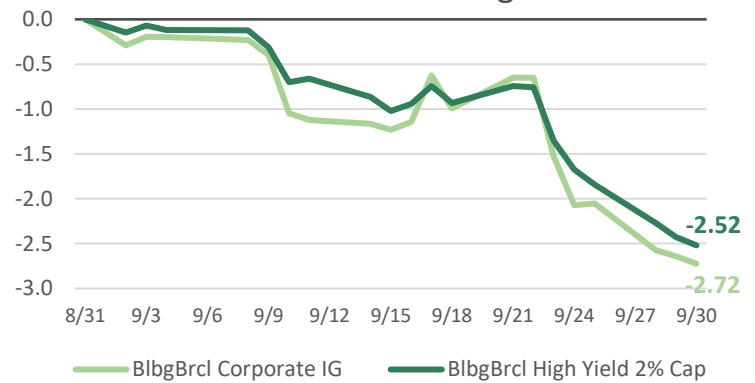
What Worked, What Didn't

- **Short Duration Trumped Long while High Yield Beat Investment Grade.** Rising yields hit long-duration bonds hardest, while high yield's lower duration sent it narrowly past IG.
- **Credit Beat Duration, Treasuries Over TIPS.** Floating-rate loans gained as the Fed's hike pushed coupons higher, while TIPS lagged Treasuries as real yields rose.
- **Taxable Over Munis and International Beat Domestic.** Taxable bonds continued their streak of outperformance versus munis, while international bonds notched a second month of beating the U.S.

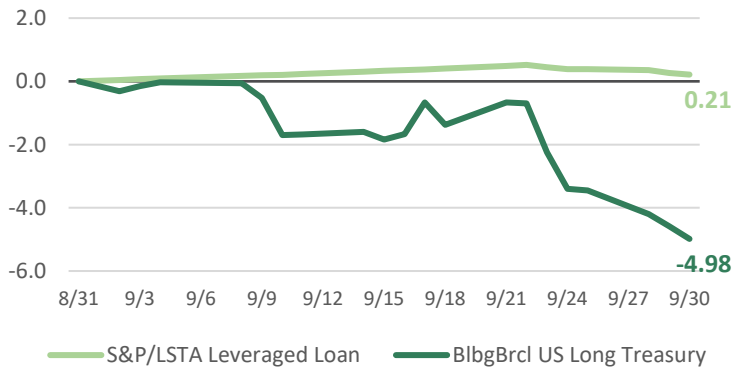
Short Duration vs Long Duration



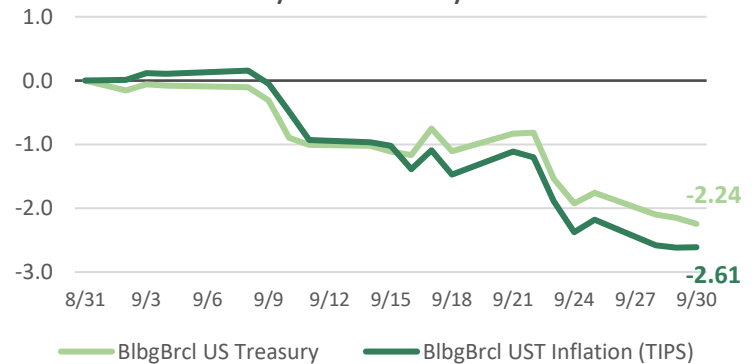
Investment Grade vs High Yield



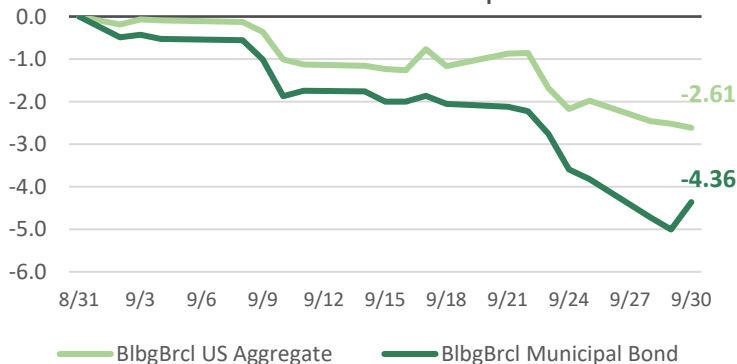
Credit vs Duration



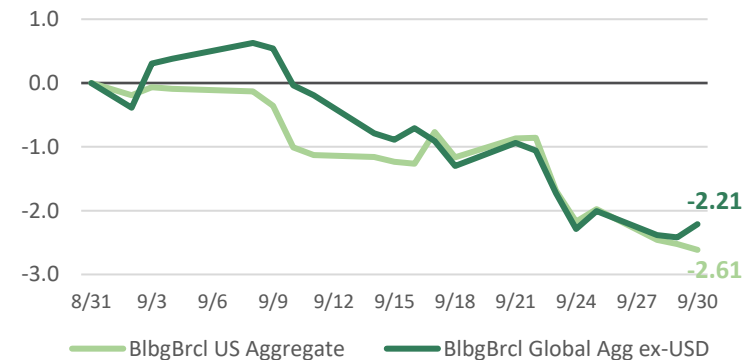
Treasury vs Treasury Inflation



Taxable vs Municipal



Domestic vs International



Source: Bloomberg.

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Asset Class Performance

The Importance of Diversification. From period to period there is no certainty what investment will be the best, or worst, performer. Diversification mitigates the risk of relying on any single investment and offers a host of long-term benefits, such as less portfolio volatility, improved risk-adjusted returns, and more effective compounding.

	Sep-01	Sep-02	Sep-03	Sep-04	Sep-08	Sep-09	Sep-10	Sep-11	Sep-14	Sep-15	Sep-16	Sep-17	Sep-18	Sep-21	Sep-22	Sep-23	Sep-24	Sep-25	Sep-28	Sep-29	Sep-30	Sep	YTD	
High	RE -0.18	SCV 1.41	MCV 1.68	EM 1.82	EM 0.19	HYB -0.18	LCV -0.29	EM 1.25	LCV -0.08	USB -0.04	MCV 0.19	EM 1.81	LCG 0.59	EM 2.69	SCG 0.76	LCV -0.49	MCV 0.19	EM 1.09	IBD -0.40	EM 0.30	LCG -0.03	LCG 3.43	EM 22.69	High
	USB -0.31	SCG 1.00	LCG 1.33	SCV 0.40	HYB -0.05	IBD -0.21	HYB -0.46	IEQ 0.98	HYB -0.09	IBD -0.10	0.07	1.65	0.18	2.43	0.39	-0.72	0.18	1.01	HYB -0.41	MCV 0.23	IBD -0.03	EM 0.03	LCV 19.12	
	HYB -0.34	MCV 0.72	IEQ 1.07	IEQ 0.13	RE -0.09	USB -0.23	USB -0.65	MCV 0.97	USB -0.09	HYB -0.19	0.05	0.99	IBD 0.16	MCV 1.72	LCG 0.36	HYB -0.72	SCG -0.04	LCG 0.50	SCV -0.46	LCG 0.08	USB -0.06	MCV -0.06	SCV 16.79	
	EM -0.37	EM 0.57	RE 1.02	SCG 0.12	USB -0.10	LCG -0.46	SCV -0.68	LCV 0.89	MCV -0.10	RE -0.23	-0.03	0.97	0.13	1.11	0.35	-0.75	-0.09	0.47	RE -0.49	IBD 0.03	SCG -0.12	60/40 -1.88	MCV 15.07	
	LCV -0.37	IEQ 0.54	LCV 0.89	60/40 0.06	SCG -0.11	EM -0.51	MCV -0.71	LCG 0.78	SCV -0.11	60/40 -0.32	-0.04	0.82	-0.24	0.92	0.34	-0.87	-0.13	0.43	RE -0.49	RE -0.04	HYB -0.19	USB -2.30	SCG 10.78	
	IBD -0.43	LCG 0.50	MCV 0.77	USB 0.05	MCV -0.18	LCV -0.58	IBD -0.72	RE 0.78	RE -0.47	EM -0.35	-0.06	0.79	60/40 -0.34	60/40 0.91	0.33	-1.03	-0.26	0.30	USB -0.49	USB -0.05	MCV -0.30	HYB -2.39	IEQ 9.89	
	60/40 -0.64	LCV 0.44	IBD 0.71	LCG -0.02	IBD -0.21	60/40 -0.58	60/40 -0.83	MCV 0.77	SCG -0.55	LCV -0.37	-0.25	0.71	-0.38	0.85	0.23	-1.12	-0.27	0.27	60/40 -0.63	60/40 -0.14	60/40 -0.34	IEQ -2.44	LCG 6.14	
	MCV -0.82	60/40 0.29	60/40 0.67	HYB -0.06	60/40 -0.31	MCV -0.71	IEQ -0.84	SCG 0.54	60/40 -0.55	SCV -0.40	-0.30	0.66	-0.43	0.70	0.15	-1.35	-0.29	0.18	MCV -0.64	MCV -0.20	LCV -0.42	LCV -2.78	60/40 6.05	
	SCV -0.84	USB 0.07	SCG 0.53	MCV -0.09	LCG -0.32	MCV -0.98	LCG -0.93	60/40 0.53	IBD -0.68	IEQ -0.43	-0.36	0.54	-0.44	0.31	0.04	-1.46	-0.30	0.17	LCV -0.75	HYB -0.23	IEQ -0.62	IBD -3.27	RE 2.77	
	IEQ -0.89	HYB 0.01	EM 0.48	IBD -0.10	IEQ -0.54	SCV -1.02	RE -0.93	SCV 0.33	MCV -0.75	LCV -0.43	-0.66	0.40	-0.53	0.26	0.02	-1.56	-0.44	SCG -0.03	SCV -0.79	SCG -0.33	MCV -0.70	SCG -3.80	MCV 0.81	
	LCG -1.22	IBD -0.13	SCV 0.30	MCV -0.36	LCV -0.82	IEQ -1.11	MCV -1.28	IBD 0.16	IEQ -0.80	LCG -0.58	-0.84	0.38	-0.62	0.19	-0.01	-1.60	-0.48	-0.03	LCG -0.83	SCV -0.38	SCV -0.73	MCV -4.19	HYB -0.34	
	SCG -1.48	MCV -0.30	HYB 0.13	LCV -0.67	SCV -0.83	RE -1.12	SCG -1.42	HYB -0.03	LCG -0.83	SCV -1.09	-0.92	0.29	-0.95	0.17	-0.22	-2.01	-0.48	-0.04	EM -1.15	LCV -0.43	EM -0.91	SCV -4.38	USB -2.78	
Low	MCV -1.81	RE -0.60	USB 0.11	RE -0.72	MCV -1.00	SCG -1.63	EM -2.16	USB -0.07	EM -2.73	MCV -1.11	-0.97	IBD -0.03	IEQ -1.01	IBD -0.20	LCV -0.31	SCG -2.05	EM -0.68	RE -0.19	MCV -1.21	IEQ -0.48	RE -1.12	RE -6.54	IBD -5.22	Low

Legend

60/40 Allocation
(60/40)

Large Growth
(LCG)

Large Value
(LCV)

Mid Growth
(MCG)

Mid Value
(MCV)

Small Growth
(SCG)

Small Value
(SCV)

Intl Equity
(IEQ)

Emg Markets
(EM)

U.S. Bonds
(USB)

High Yield Bond
(HYB)

Intl Bonds
(IBD)

Real Estate
(RE)

Source: Sources for this market commentary derived from Bloomberg. Asset-class performance is presented by using market returns from an exchange-traded fund (ETF) proxy that best represents its respective broad asset class. Returns shown are net of fund fees and do not necessarily represent performance of specific mutual funds and/or exchange-traded funds recommended by Prime Capital Financial. The performance of those funds in September may be substantially different than the performance of the broad asset classes and to proxy ETFs represented here. U.S. Bonds (iShares Core U.S. Aggregate Bond ETF); High-Yield Bond (iShares iBoxx \$ High Yield Corporate Bond ETF); Intl Bonds (SPDR® Bloomberg Barclays International Corporate Bond ETF); Large Growth (iShares Russell 1000 Growth ETF); Large Value (iShares Russell 1000 Value ETF); Mid Growth (iShares Russell Mid-Cap Growth ETF); Mid Value (iShares Russell Mid-Cap Value ETF); Small Growth (iShares Russell 2000 Growth ETF); Small Value (iShares Russell 2000 Value ETF); Intl Equity (iShares MSCI EAFE ETF); Emg Markets (iShares MSCI Emerging Markets ETF); and Real Estate (iShares U.S. Real Estate ETF). The return displayed as "Allocation" is a weighted average of the ETF proxies shown as represented by: 30% U.S. Bonds, 5% International Bonds, 5% High Yield Bonds, 10% Large Growth, 10% Large Value, 4% Mid Growth, 4% Mid Value, 2% Small Growth, 2% Small Value, 18% International Stock, 7% Emerging Markets, 3% Real Estate. 080223006 - MAH

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